



NOTICE OF MEETING

Meeting:	Cabinet
Date and Time:	Thursday 1 February 2024 7.00 pm
Place:	Council Chamber
Enquiries to:	Committee Services Committeeservices@hart.gov.uk
Members:	Neighbour (Leader), Radley (Deputy Leader), Bailey, Clarke, Cockarill, Collins, Oliver and Quarterman

Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

This Agenda and associated appendices are provided in electronic form only and are published on the Hart District Council website.

Please download all papers through the Modern.Gov app before the meeting.

- **At the start of the meeting, the Lead Officer will confirm the Fire Evacuation Procedure.**

- **The Chairman will announce that this meeting will be recorded and that anyone remaining at the meeting had provided their consent to any such recording.**

1 MINUTES OF THE PREVIOUS MEETING 5 - 12

The minutes of the meeting held on 4 January 2024 are attached for confirmation and signature as a current record.

2 APOLOGIES FOR ABSENCE

To receive any apologies for absence from Members*.

**Note: Members are asked to email Committee services in advance of the meeting as soon as they become aware they will be absent.*

3 DECLARATIONS OF INTEREST

To declare disclosable pecuniary, and any other interests*.

**Note: Members are asked to email Committee Services in advance of the meeting as soon as they become aware they may have an interest to declare.*

4 CHAIRMAN'S ANNOUNCEMENTS

5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

Anyone wishing to make a statement to the Committee should contact Committee Services at least two clear working days prior to the meeting. Further information can be found [online](#).

6 Q3 FORECAST OUTTURN REPORT 2023-24 13 - 35

This report sets out the 2023/24 budget outturn latest forecast.

Recommendation

Cabinet is asked to:

- i. Note the projected outturn
- ii. Note the capital overview
- iii. Note the project overview
- iv. Note the treasury management position

7 DRAFT BUDGET 2024/25 36 - 65

The Council must set a balanced budget for 2024/2025. The draft revenue and capital budget proposals are summarised in this report.

Recommendation

That Cabinet recommend to Council:

- i. a 2.99% increase in Hart District Council's Band D Council Tax Charge for 2024/25,
- ii. changes to fees and charges for 2024/25 in line with the principles set out in this report, with full details being reported to full Council,
- iii. approval of the draft Revenue Budget for 2024/25 as summarised in paragraph 15 and Appendix 1, incorporating the baseline net service cost variations included at paragraph 17 and Appendix 1,
- iv. approval of Capital Bids as detailed in Appendix 2,
- v. approval of the Medium-Term Financial Strategy as set out in Appendix 3,
- vi. noting the emerging pressures and risks set out in the report and the S151 Officer's intention to undertake a mid-year review of detailed budgets
- vii. approval of the continuation of the capital receipt flexibility strategy detailed in the report under the Direction issued by the Government early in 2022
- viii. agreeing not to change the Council's existing Council Tax Support Scheme other than the required statutory updating

8 TREASURY MANAGEMENT POLICY AND CAPITAL STRATEGY ANNUAL STATUTORY REVIEW

66 - 112

To present the draft Treasury Management Strategy Statement for 2024/25 which incorporates the Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy and Prudential and Treasury Indicators.

It is a legal obligation to set a Capital Strategy, which is also presented for review. This strategy provides the strategic framework for the treasury activity.

The 2024/25 draft documents do not suggest any major changes as compared to the approved ones for the current year.

Recommendation

That Cabinet recommends that Council:

- i. approves the Treasury Management Strategy Statement 2024/25 and the revised Minimum Revenue Provision policy contained within it,
- ii. approves the Annual Investment Strategy for 2024/25 and;
- iii. Approves the Capital Strategy 2024/25.

9 UKSPF PROJECTS UPDATE

113 -
135

Hart District Council (HDC) has been granted £1million through the Government's UK Shared Prosperity Fund (UKSPF) to fund projects identified in HDC's Local Investment Plan (LIP). This report provides details of the Community Hub and Young Persons projects to be

delivered in 2024 and provides an update on the programme to date.

Recommendation

That Cabinet agrees:

- i. To approve the Community Hub and Young Persons Engagement applications recommended to be delivered in 2024
- ii. To approve the revised financial plan in **Appendix 1** which includes all changes since Cabinet last approved the plan in March 2023 and reflects the officer recommended grant amounts in this report
- iii. To approve the revised Programme Plan in **Appendix 2**

10 CABINET WORK PROGRAMME

136 -
141

To consider and amend the Cabinet Work Programme.

Date of Publication: Wednesday 24 January 2024

CABINET

Date and Time: Thursday 4 January 2024 at 7.00 pm

Place: Council Chamber

Present:

Neighbour (Leader), Radley (Deputy Leader), Bailey, Clarke, Cockarill, Oliver and Quarterman

In attendance: Axam

Officers:

Daryl Phillips, Chief Executive

Mark Jaggard, Executive Director - Place

Kirsty Jenkins, Executive Director - Community

Matthew Harris, Planning Policy Officer

Daniel Hawes, Planning Policy and Economic Development Manager

Liz Vango-Smith, Sustainability & Climate Change Officer

Rachael Wilkinson, Community Safety Coordinator

Sharon Black, Committee and Member Services Manager

68 MINUTES OF THE PREVIOUS MEETING

The minutes of 7 December 2023 were confirmed and signed as a correct record.

Proposed by Cllr Neighbour; Seconded by Cllr Quarterman and agreed unanimously.

69 APOLOGIES FOR ABSENCE

Apologies had been received from Cllr Collins.

(Cllr Axam arrived 7:03pm)

70 DECLARATIONS OF INTEREST

No declarations of interest were made.

71 CHAIRMAN'S ANNOUNCEMENTS

The Chairman had no announcements.

72 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

There were none.

73 PROJECT RESOURCE TO SUPPORT THE REMODELLING OF HEATHLANDS COURT

This paper sought agreement to release £80k to fund technical, specialist resources to support scoping of options for Heathlands Court's remodelling.

Councillors heard:

- That Heathlands Court was the Council's facility for those at risk of being made homeless
- The facility had been built in the 1980s and was in need of significant renovation
- The layout of the building was not ideal, particularly for families; and there was also a need to improve energy efficiency
- The sum requested was to provide technical support, from which a further report would be made to Cabinet with a recommended plan and cost

Councillors questioned:

- Whether the costs would be taken from the housing capital reserve
- Whether the resource would be an external consultant

Proposed by Cllr Bailey; Seconded by Cllr Neighbour

Councillors were pleased to see the work proposed for this very important facility, and hoped that when proposals were put forward these would include both timescales and proposals for mitigation to minimise the disruption to those who were already in residence. It was also noted that there was an ambition to improve the EPC rating, which fitted with the Council's climate change emergency.

Decision

Cabinet unanimously agreed to release £80k to fund the procurement of technical, specialist resources to support work on scoping of options for Heathlands Court's remodelling.

74 BUTTERWOOD HOMES REPORT FROM SCRUTINY PANEL

This report provided an update of Butterwood Homes' performance to Cabinet, which had been reviewed by Overview and Scrutiny at their December 2023 meeting. The Scrutiny Panel for Butterwood Homes issued the report.

Councillors were reminded:

- Butterwood was an arms-length Company wholly owned by the Council run by two directors and a Chairman
- The Scrutiny panel report showed that the company was stable and that the financial performance was solid. The Scrutiny panel was satisfied that the Company was achieving the desired aims for the Council

- The report of the Scrutiny panel had been discussed at the last Overview & Scrutiny meeting

Thanks were given to the members of the Scrutiny panel for their thorough report, which was noted.

75 SETTLEMENT CAPACITY AND INTENSIFICATION STUDY

This report was to present the findings of the ‘Settlement Capacity and Intensification Study’ (SICS) and to consider the continued use of digital software to support the Council’s planning policy function.

Councillors heard:

- That the software had been used over the past few months to conduct a high level study which could provide evidence to demonstrate urban capacity in light of the government’s aim to focus primarily on increasing the intensification and densification of development in urban areas.
- The cost of using the software was significantly less than having to use consultants whenever there was a need to produce plans
- The use of the software would also assist in streamlining processes, and was very adaptable, being able to produce alternative options quickly and efficiently

Councillors questioned:

- Whether the outcomes of the study in fact answered the question previously asked relating to density studies and alternative options to urban extensions or possible a new and settlement to meet future government proposed new housing targets.
- How the scenarios were arrived at, why these particular areas had been chosen, and whether they were “set in stone”

Councillors noted:

- That the study was not a land availability study but a high level theoretical approach to looking at where there was potential capacity for building additional housing
- That the software would assist the Council in providing evidence when showing options for future plans
- The use of the software in allowing quick and easy changes to modelling for plans in the future
- There was an error in the consultant’s report, and the figures in the table on paragraph 68 were the correct ones. The report would be corrected before final publication.

Proposed by Cllr Cockarill; Seconded by Cllr Radley

Councillors discussed:

- The study demonstrated that unless a balanced option to spatially deliver development was explored, simply focussing all new development within

urban areas could result in significant harm to the character and appearance of our towns and villages

- Unlike a possible new settlement option, meeting future housing need all within urban areas would not link the delivery of new homes to local community infrastructure such as open space, schools, medical or community facilities
- There would be a need to create balanced communities rather than simply large scale delivery on 1 or 2 bedroom flats.

(Cllr Axam left 7:55pm)

Decision

Cabinet unanimously agreed to:

- Note the findings of the three different scenarios illustrated in the Settlement Capacity and Intensification Study (SCIS). The study will be published on the council's website.
- Approve, subject to compliance with the Council's procurement rules, the ongoing use of digital software to support the Council Planning Policy function should be supported, and appropriate provisions should be made in the 2024/25 budget.

76 REVIEW OF CCTV SERVICE

This report shared with Cabinet Members the outcomes and action plan from the recently undertaken CCTV Review, for Members to note. Members were also asked to approve the request for capital and revenue budget allocations.

Councillors heard:

- That the service had been transferred to Runnymede around six months ago
- This review had been undertaken to look at performance over the last six months and whether objectives had been fulfilled
- The Overview and Scrutiny Committee had formed a Task and Finish Group to also look at CCTV provision
- Most of the recommendations from the Task and Finish Group were aligned with the report's recommendations
- There was no fundamental issues with the CCTV service as a whole
- The Police had confirmed that they saw the service as helpful when looking for evidence and as a significant deterrent against ASB/major crime
- The location of the CCTV cameras had been aligned with Hart's hotspots – although these were few and far between as Hart was at the bottom of the crime statistics table for Hampshire for 2022/23.
- That the offer recommendations included developments for the next six months, including continuing the review of the positioning of cameras with the Police to ensure optimum siting

- There was an officer recommendation relating to financial allocation to ensure that the system remained fully operational, well maintained and that older cameras were replaced where possible. This proposed funding had been included in the 2024/25 budget.

Proposed by Cllr Oliver; Seconded by Cllr Neighbour

Councillors discussed:

- That the service had maintained a good level following the move to Runnymede
- That a significant amount of work had been undertaken in moving the service from Rushmoor to Runnymede, and thanks were given to the Executive Director, Community and the Community Safety Team for their work on this
- That an access terminal for the Police had been installed at Rushmoor Borough Council Offices, and once a police station was established in Fleet, a further access terminal would be provided by Hart District Council to be installed there for Police use.

Recommendation

Cabinet unanimously agreed:

- That a budget of £75k be allocated to the council's capital programme over a 5-year period commencing in 2024/25 to fund the continuing replacement of the Council's CCTV camera stock.
- That the actions outlined in the CCTV Review (Appendix A – Section 7) were noted and agreed and a revenue budget of £10k be allocated for any follow-on work required, particularly in relation to possible relocation of any existing camera assets.
- That approval be given to extend the contract currently in place with the Safer Runnymede by a further 5 years, subject to procurement processes.
- That a budget of £6k be allocated to the council's capital programme to purchase a deployable CCTV camera asset, subject to officers' evaluation and finding, and agreeing consent from the Portfolio Holder.
- That £3.5k of annual revenue be allocated to cover costs associated for any additional call-out fees, which fall outside of the Routine Planned Maintenance (RPM). This will be utilised for identified Hot Spot cameras on the fixed CCTV network (£1.5k) and to cover the data connectivity (£1k) and installation/deinstallation costs incurred (£1k) for a deployable asset.

77 WEIGHT GIVEN TO THE COUNCIL'S DECLARATION OF A CLIMATE EMERGENCY IN PLANNING DECISIONS RELATING TO HERITAGE MATTERS

The purpose of this report was to address the Council's declaration of a Climate Emergency in relation to heritage assets. Recent planning appeal decisions had

raised questions about the Council's position. Therefore, this report aimed to clarify the Council's stance while emphasising that each application will be assessed individually based on its merits.

Councillors heard:

- There was a need so that changes to heritage assets (listed buildings) could be allowed, so that they take into account climate change emergency issues, particularly around the use of renewable power, insulation etc
- There was also a need to look at dwellings within conservation areas, and whether it was possible to assist residents in overcoming the challenges that they faced when wanting to make changes

Councillors noted:

- The report did cover dwellings within conservation areas
- That it would be possible to draft a local development order (LDO) which would allow the council to grant permission for alterations to non-listed buildings in conservation areas

Councillors discussed:

- Whether drafting an LDO would duplicate processes being developed by central Government, but as there were no timescales set against the latter, it was agreed that it would be beneficial for the Council to draw up their own LDO.
- If there was likely to be any further action as a result of the consultation with Historic England undertaken during 2023

It was therefore agreed to add a fifth recommendation, in that Officers would look to begin developing a Local Development Order, and brief Cabinet in due course.

Decision

Cabinet unanimously agreed the following:

- there is a public benefit to energy efficiency and renewable or low carbon energy measures which, even in a small way, assist the Council's commitment to making Hart district carbon neutral by 2040
- that significant weight will be given to the Council's declaration of a Climate Emergency in all planning decisions, including those relating to heritage matters
- that the weight given to the conservation of the heritage asset will depend on the importance of the heritage asset
- where a development proposal would give rise to some harm to the significance of a heritage asset, the level of harm needs to be assessed and weighed against the public benefits of the proposal
- Officers would look to begin developing a Local Development Order, and report back to Cabinet in due course.

78 CLIMATE CHANGE UPDATE

This report updated Members on the progress made with the Climate Action Plan between June-November 2023 and highlighted current progress and identified risks for delivery 2.

The report also made recommendations for the next set of priorities to support the delivery of the adopted approved action plan and requested further budget approvals for identified projects to support the plan.

Councillors noted:

- This was the first six-monthly update following the launch of the programme in June 2023
- The report had been before Overview and Scrutiny in December and the Portfolio Holder would also mention it at the next full Council meeting at the end of January.
- There had been good progress on a range of issues during the six month period

Councillors discussed:

- Whether the climate action score card was an annual event
- Whether the leisure centres project was still on target to report back in March

Proposed by Cllr Quarterman; Seconded by Cllr Oliver

Agreed unanimously

Decision

Cabinet:

- Reviewed and noted the climate change programme update
- Reviewed and approved the proposed projects list and associated cost allocations set out in paragraph 39 of the report, to be funded from the approved 2023/24 climate budget.

79 CABINET WORK PROGRAMME

Cabinet reviewed and noted the January 2024 Cabinet Work Programme.

Amendments were made as follows:

- The item on Butterwood Homes was deferred until March due to resource issues

Remove the item on Hartley Wintney Conservation Area Appraisal as no date for the report was yet available. This would be added back to the Work Programme when a date was identified.

The meeting closed at 8.32 pm



Budget Monitoring – 23/24 Outturn Latest Forecast

Cabinet
Date 1st February 2024

Recommendations

- Note the projected Outturn
- Note the Capital Overview
- Note the Project Overview
- Note Treasury Management position

Projected Revenue Outturn

Outturn for 2023/24 is forecast to be £0.87m surplus to Budget

£000	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Variance
Community	3,325		(672)	2,633	2,035	(598)
Corporate	7,058		10	7,068	6,948	(120)
Place	2,337		92	2,429	2,213	(216)
Net Cost of Service	12,720	0	(590)	12,131	11,196	(935)
Revenue Projects	405	271	50	726	591	(135)
Treasury	109			109	(464)	(573)
Funding	(13,234)	(271)	540	(12,966)	(12,194)	772
Budget	0	0	0	0	(871)	(871)

Revenue Projects Overview

Page 16

£000	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance from Budget
Community	245	247	0	492	365	(127)
Corporate	160	24	50	234	181	(53)
Place	0	0	0	45	45	45
Total	405	271	50	726	591	(135)

- Projects were approved as part of Capital Schemes in the 2023/24 Budget. They are non-capital in nature.
- Detailed tables can be found in the Appendices

Capital Projects Overview

Capital is expenditure on new assets or improvements to existing assets

Page 17

£000	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance from Budget
Community	902	1,239	470	2,611	2,556	(55)
Corporate	20	73	75	168	238	70
Place	0	150	0	150	32	(118)
Total	922	1,463	545	2,929	2,825	(104)

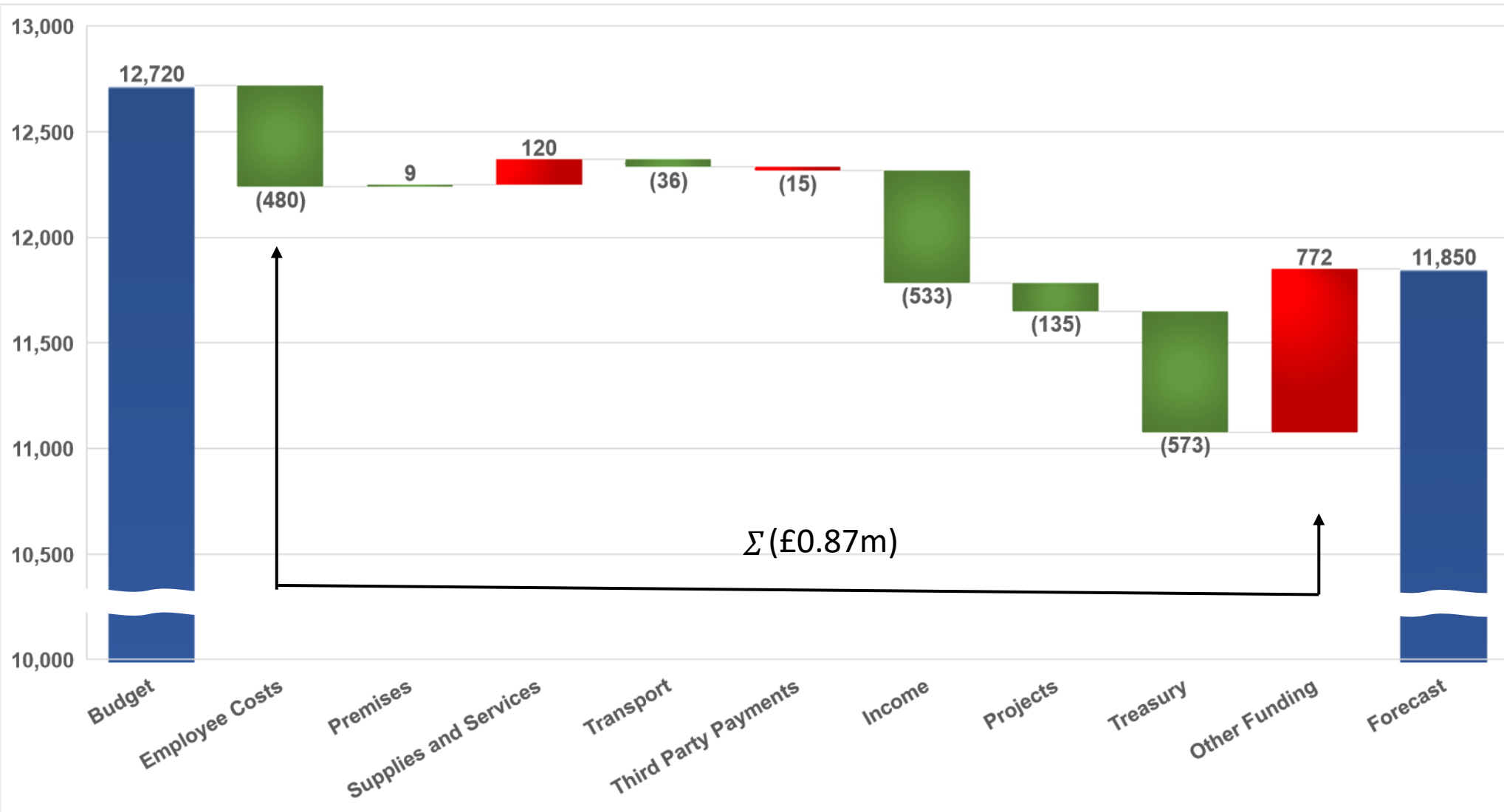
Summary Revenue

The council is forecasting an overall underspend of £0.9m against the 2023-24 revenue budget of £12.7m.

Included in the revenue outturn are £757k developer contributions to Earmarked Reserves (EMR)

Forecast Variance by Subjective £k

Page 19



Forecast Pressures & Savings

Increase/Decrease in Income

Planning Development income £74k ↓

Building control income £76k ↓

Waste and recycling income £283k ↑

Treasury income £572k ↑

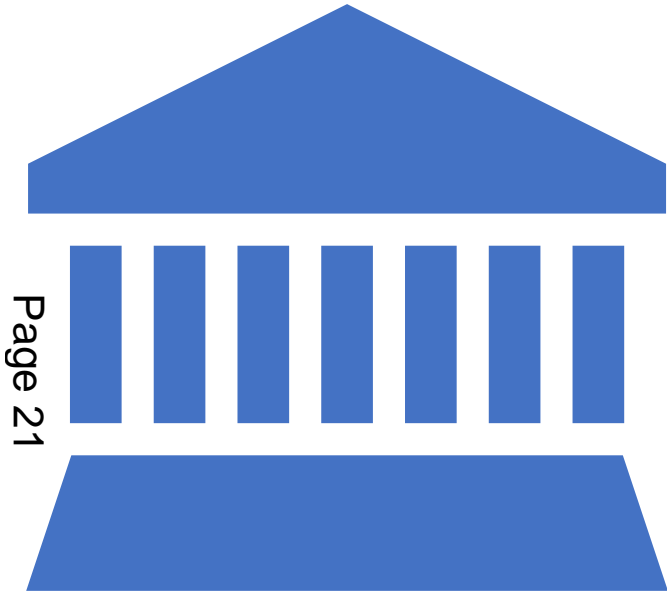
Increase/Decrease in Costs

Building Repair & Maintenance £76k ↑

Employee costs £480k ↓

Treasury

- Interest rates on funds invested are expected to exceed budget assumptions due to higher rates and a more flexible approach to Treasury Management (TM) as agreed in TM Strategy.
- Current rates available are between 4-6%.
- Based on current investments interest is forecast to be £572k greater than budget for the year.
- Borrowing costs in 23/24 are forecast to be as per Budget.



Treasury Summary @ 31st Dec 2023

Borrower	Amount £m	Interest Rate	ESG Rating	Terms	Investment Date	Maturity Date	Interest £m
Barclays Ltd - Green A/C	5.0	5.30%	80	95 Days	01-Apr-23	06-Apr-24	0.269
Derbyshire County Council	5.0	4.45%		Fixed	25-Apr-23	23-Apr-24	0.222
Qatar National Bank	1.9	5.57%	90	Fixed	02-Oct-23	22-Jan-24	0.035
Sumitomo Mitsui Banking Corp.	7.5	5.51%	89	Fixed	01-Nov-23	16-Feb-24	0.121
National Bank of Kuwait	6.4	5.43%	80	Fixed	02-Oct-23	22-Jan-24	0.101
First Abu Dhabi	2.0	5.42%	92	Fixed	01-Dec-23	19-Mar-24	0.032
Cheshire East Borough Council	5.0	5.50%		Fixed	08-Dec-23	15-Mar-24	0.074
Aberdeen Liquidity - Standard Life	4.1	5.29%		Money Market Fund	29-Dec-23	31-Dec-23	0.002
Bank of New York Mellon	7.5	5.35%		Money Market Fund	01-Dec-23	31-Dec-23	0.035
	44.4						0.891
Barclays-FIBCA	0.1	0.84%	80				
Total	44.5						

- ESG (Economic, Social and Corporate Governance) ratings as agreed in Treasury Management (TM) Strategy.
- During Q3 Treasury activity has operated within the prudential indicators approved in 23/24 TM Strategy
- No new borrowing has been taken out during FY 2023. The borrowing requirement for 2023/24 is estimated to be £13.9m. Further details on treasury management and economic indicators can be found in the appendices.

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

1. Summary Revenue Outturn £000

Summary	Note #	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Employee Costs	3	7,037		0	7,037	6,556	(480)	(76)
Premises	4	576		0	576	585	9	16
Supplies and Services	5	9,410		167	9,577	9,697	120	216
Transport	6	104		0	104	68	(36)	(27)
Third Party Payments	7	1,864		0	1,864	1,849	(15)	(9)
Transfer Payments	8	10,309		0	10,309	10,309	0	0
Other Grants and Contributions	9	(239)		0	(239)	(274)	(35)	(14)
Income	10	(16,340)		(757)	(17,097)	(17,595)	(499)	(397)
Net Cost of Service		12,720	0	(590)	12,131	11,196	(935)	(291)
Revenue Projects	13	405	271	50	726	591	(135)	(8)
Commercial Income		(1,413)		0	(1,413)	(1,413)	0	0
Council Tax and Business Rates		(9,468)		0	(9,468)	(9,468)	(0)	0
Treasury	11	109		0	109	(464)	(573)	(572)
Other Funding	12	(2,353)	(271)	540	(2,084)	(1,313)	772	(28)
Outturn		0	0	0	(0)	(871)	(871)	(899)

The significant variances are explained in breakout tables below.

2. Movement in Reserves

Movement in Reserves	£000	Reason
Refurbishment of third floor	50	Ear-marked reserve for this purpose
Digital Strategy Review	10	Cabinet decision December 2023
Ground maintenance land survey	15	Cabinet decision December 2023
Planning backlog – protected trees & heritage sites	67	Cabinet decision December 2023
Planning development management	25	Cabinet decision December 2023
Car Park Maintenance	50	Cabinet decision December 2023
Biodiversity	(18)	S106 receipts received in 2023/24
Affordable Housing	(51)	S106 receipts received in 2023/24
SANGS	(688)	S106 receipts received in 2023/24
	(540)	

3. Employee Costs

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Pay Costs	6,792	0	6,792	6,166	(626)	(174)
Agency	126	0	126	261	135	130
Severance	0	0	0	0	0	0
Recruitment	9	0	9	42	33	8
Other	110	0	110	88	(22)	(40)
	7,037	0	7,037	6,556	(480)	(76)

- Pay award (back-dated to 1/4/23) lower than budget (£117k); Pension contributions – post tri-annual review (£98k); vacancies (£411k)
- Agency costs supplement staff vacancies and support projects.
- Other includes salary capitalisation.

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

4. Premises £000

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Electricity	101	0	101	62	(39)	(18)
Gas	53	0	53	32	(21)	0
Business Rates	322	0	322	317	(5)	(11)
Building Repair & Maintenance	22	0	22	98	76	34
Other	78	0	78	76	(3)	11
	576	0	576	585	9	16

- Budget estimates for the general repair and maintenance of the Civic Building were insufficient. This has been corrected in the Draft 24/25 Budget.
- Electricity cost forecast has reduced reflecting Solar panel energy generation.
- Gas costs overestimated in the budget.

5. Supplies & Services £000

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Fees and hired services	3,463	0	3,463	3,272	(191)	(166)
Sub-contracted work	1,166	0	1,166	1,152	(14)	(77)
Homes for Ukraine	179	0	179	434	255	421
Parking	116	50	166	157	(9)	49
Planning Development	71	92	163	164	1	50
Digitalisation	0	10	10	9	(1)	0
Streets & Grounds Maintenance	1,363	15	1,378	1374	(4)	(4)
Grants - paid	269	0	269	331	62	269
Other	2,783	0	2,783	2,804	21	(326)
	9,410	167	9,577	9,697	120	216

- Fees and hired services budget assumed a 10% inflationary pressure – although many costs have increased as expected others have remained stable.
- Homes for Ukraine expenditure is an offset from income received (see Table 10)
- Parking – Cabinet (Dec23) agreed £50k for urgent car park repairs before March 2024.
- Planning - Cabinet (Dec23) agreed the following:
 - £75k over next 12 months to support backlogs in determining applications for work on protected trees and heritage related sites.
 - £25k to support a efficiency and effectiveness review of Planning Development
- Digitalisation - Cabinet (Dec23) agreed £10k to support a refresh of the Digital Strategy as per Corporate Service Plan.
- Streets & Grounds Maintenance - Cabinet (Dec23) agreed £15k to undertake the grounds maintenance land survey.
- Grants paid - received from Sport England passed through to Leisure Centre to help with increased energy bills.

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

6. Transport £000

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Car Allowances	69	0	69	39	(30)	(24)
Travel Expenses	18	0	18	15	(3)	(3)
Other vehicle expenses	17	0	17	14	(3)	0
	104	0	104	68	(36)	(27)

7. Third Party Payments £000

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
5C Contract	1,576	0	1,576	1,552	(24)	(28)
Other	288	0	288	297	9	19
	1,864	0	1,864	1,849	(15)	(9)

The 5C contract is a cost sharing agreement. Services provided by Capita were changed for some of the 5 councils which is reflected in a decrease in costs for Hart.

8. Transfer Payments £000

Transfer Payments	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Rent Allowances	10,541	0	10,541	10,541	0	0
Rent Allowances over payments	(232)	0	(232)	(232)	0	0
Outturn	10,309	0	10,309	10,309	0	0

Transfer payments are forecasted to be cost neutral. Any variances to this assumption will not be known until a final reconciliation at year end. These variances will not impact outturn as surplus/deficits will be taken to a smoothing reserve.

9. Other Grants & Contributions £000

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Accounting Provisions	(219)	0	(219)	(219)	0	0
Capital Grants & Contributions	(20)	0	(20)	(55)	(35)	(14)
	(239)	0	(239)	(274)	(35)	(14)

- New Burden grants totalling £35k offset costs of implementation elsewhere in the tables.

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

10. Income £000

Summary	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Green Waste collection	(830)	0	(830)	(1,025)	(195)	(120)
Recycling	(300)	0	(300)	(494)	(194)	(192)
Car Parking	(756)	0	(756)	(756)	(0)	(3)
Planning application fees	(759)	0	(759)	(685)	74	176
Building Control	(375)	0	(375)	(299)	76	52
Rent Income	(224)	0	(224)	(254)	(29)	(11)
Homes for Ukraine Grant	(179)	0	(179)	(552)	(373)	(323)
Developers Contributions	(69)	(757)	(826)	(810)	16	(131)
Sport England Grant	0	0	0	(150)	(150)	0
Land Charges	(199)	0	(199)	(152)	47	1
Other	(12,648)	0	(12,648)	(12,418)	230	155
	(16,340)	(757)	(17,097)	(17,595)	(499)	(397)

- Green waste subscribers are increasing. Year to date, subscription income has increased by 18% over prior year.
- Mixed recycling income per tonne is volatile and is currently higher than budget assumptions. This will be monitored during the year.
- Planning application fees, building control and land charge search fees are dependent on activity levels. Planning forecast includes the increase in fees applied in Jan 24 as per Government instruction.
- Homes for Ukraine grant is offset by spend in Supplies & Services (see Table 5).
- Developer contributions offset in Table 13.
- Sports England Grant passed through to Leisure Centre (Table 5)
- Land charge activity lower than forecast due to slow down in housing market.

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

11. Treasury £000

Treasury	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Interest Payable	314	0	314	336	23	23
Interest on Investments	(205)	0	(205)	(800)	(596)	(594)
Outturn	109	0	109	(464)	(573)	(572)

- Interest rates on investments is significantly higher than budget assumptions.

12. Other Funding £000

Summary	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
New Homes Bonus	(790)	0	0	(790)	(790)	0	0
Service Support Grant	(1,029)	0	0	(1,029)	(1,027)	2	2
Revenue Support Grant	(69)	0	0	(69)	(69)	0	0
Other non-ringfenced grants	0	0	0	0	(42)	(42)	(42)
Minimum Revenue Provision	564	0	0	564	617	53	53
Capital Grants	(54)	0	0	(54)	(50)	4	4
Movement in Reserves	(976)	(271)	540	(707)	48	756	(45)
	(2,353)	(271)	540	(2,085)	(1,313)	772	(28)

Capital & Project Summary £000

Projects	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Revenue Projects	405	271	50	726	591	(135)	(8)
Capital Projects	922	1,463	545	2,929	2,825	(104)	(514)
	1,327	1,734	595	3,655	3,416	(239)	(522)

12. Revenue Projects £000

Community	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Bramshot Farm: Woodland Path	50	0	0	50	0	(50)	0
Bramshot Farm: Stock Fencing	15	0	0	15	6	(9)	(8)
Bramshot Farm: Resurface Car Park	30	0	0	30	30	(0)	0
Countryside Stewardship	0	50	0	50	0	(50)	0
Edenbrook CP Boardwalk	40	0	0	40	40	0	(30)
Edenbrook CP Supply Water	20	0	0	20	20	0	0
Fleet Pond Signage	0	0	0	0	23	23	0
Whitewater Meadow Culverts	20	0	0	20	20	0	18
Whitewater Meadow Stock Fencing	30	0	0	30	30	0	0
Whitewater Meadow Signage	30	0	0	30	30	0	0
QEII Fields Fencing	10	0	0	10	10	0	0
Bramshot Farm Concessions	0	40	0	40	20	(20)	0
Edenbrook CP Concessions	0	40	0	40	40	0	(40)
Fleet Pond Ecology	0	30	0	30	10	(20)	0
Hazeley Heath Grazing	0	11	0	11	11	0	0
HW Central Common Access Improvements	0	76	0	76	76	0	0
	245	247	0	492	365	(127)	(60)

CAPITAL & PROJECTS SPEND FORECAST 2023-24

APPENDIX B

Revenue Projects continued.

Corporate	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Accessibility Project	0	24		24	21	(3)	0
Civic Office refurbishment*	0	0	50	50	0	(50)	14
Telephony upgrade	40	0		40	35	(5)	(5)
Exit IT from 5C Contract	30	0		30	33	3	(27)
Upgrade Hyper V Servers*	20	0		20	0	(20)	18
Decommissioning Switch Cabinet*	20	0		20	6	(14)	0
Cyber Assurance Framework*	20	0	0	20	48	28	0
Email Marketing Platform	5	0		5	2	(3)	(2)
Website-Phase2	25	0		25	25	0	0
Kings Coronation Grants	0	0		0	10	10	10
	160	24	50	234	181	(53)	8
Place	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Planning Settlement Study	0	0	0	0	45	45	45
	405	271	50	726	591	(135)	(8)

* see below

CAPITAL & PROJECTS SPEND FORECAST 2023-24

APPENDIX B

Capital Projects £000 Community	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Disabled Facilities - Mandatory	867	0	0	867	906	39	(6)
Fleet Pond Visitor Enhancement	0	51	(29)	22	22	0	(29)
Bramshot Farm	0	137	(45)	92	0	(92)	(137)
Private Sector Renewal	0	0	10	10	8	(3)	0
S106 Leisure Parish	0	0	250	250	267	17	0
Service Vehicles	35	16	0	51	55	4	(16)
Edenbrook CP - Skate/Bike Park	0	165	0	165	165	0	0
Edenbrook CP - Teen Health	0	65	0	65	65	0	0
Grants for Affordable Housing	0	300	0	300	300	0	0
Fleet Pond Green Corridor	0	0	29	29	36	7	0
GG A3013 Cove Road Crossing	0	255	0	255	255	0	(255)
Energy Efficiency Affordable Homes	0	250	0	250	250	0	0
Whitewater Meadows-PlayArea	0	0	180	180	160	(31)	0
CCTV Improvement works	0	0	30	30	30	3	0
GGBramshotLaneCrossing	0	0	45	45	45	0	0
	902	1,239	470	2,611	2,556	(55)	(443)

Capital Projects continued....

Capital Projects £000 Corporate	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
IT Upgrade	0	18	0	18	18	(1)	(1)
Commercialisation Strategy	0	0	0	0	7	7	(1)
Website Development Project	0	7	0	7	0	(7)	(0)
Cyber Security 23-24	0	48	0	48	0	(48)	0
Climate Change Programme	0	0	75	75	75	0	0
Civic Offices Improvement works	0	0	0	0	102	102	1
Upgrade HyperV Servers	20	0	0	20	36	16	0
	20	73	75	168	238	70	(2)
Capital Projects £000 Place	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Phoenix Green, Hartley Wintney*	0	70	0	70	0	(70)	(70)
Mill Corner, North Warnborough*	0	27	0	27	27	0	0
Kingsway Flood Alleviation Sch*	0	54	0	54	5	(49)	0
	0	150	0	150	32	(118)	(70)
Total	922	1,463	545	2,929	2,825	(104)	(514)

Both S106 Leisure Parish and Whitewater Meadows, Play Area spend reflect contractual obligations associated with S106 funds already received. Service vehicles have been replaced by electric vehicles in line with Climate Change policy.

*New schemes included in 24/25 Capital Programme

CABINET

Date Of Meeting: 1 February 2024

Title Of Report: Draft Budget 2024/2025 And Medium-Term Financial Strategy

Report of: Director of Corporate Services and S151 Officer

Portfolio Holder: Deputy Leader and Finance

Purpose Of Report

1. The Council must set a balanced budget for 2024/2025. The draft revenue and capital budget proposals are summarised in this report.

Recommendation

2. That Cabinet recommend to Council:
 - i. a 2.99% increase in Hart District Council's Band D Council Tax Charge for 2024/25,
 - ii. changes to fees and charges for 2024/25 in line with the principles set out in this report, with full details being reported to full Council,
 - iii. approval of the draft Revenue Budget for 2024/25 as summarised in paragraph 15 and Appendix 1, incorporating the baseline net service cost variations included at paragraph 17 and Appendix 1,
 - iv. approval of Capital Bids as detailed in Appendix 2,
 - v. approval of the Medium-Term Financial Strategy as set out in Appendix 3,
 - vi. noting the emerging pressures and risks set out in the report and the S151 Officer's intention to undertake a mid-year review of detailed budgets
 - vii. approval of the continuation of the capital receipt flexibility strategy detailed in the report under the Direction issued by the Government early in 2022.
 - viii. agreeing not to change the Council's existing Council Tax Support Scheme other than the required statutory uprating,

Local Government Finance Settlement

3. The proposed budget includes funds from the provisional finance settlement for the year 2024/2025, which was released on December 18, 2023. The final settlement is expected to be confirmed early in 2024. Although it is unlikely to significantly impact the Council's figures, any substantial changes will be reported, and the draft Budget will be updated accordingly.
4. The Government has again only provided a one-year funding settlement which limits accurate financial planning to only one year. The Medium-Term Financial Strategy (MTFS) has made the best estimates of government funding for future years.

5. The key Government principles in the draft Settlement for 2024/25 are:
 - Referendum principles of up to 3% for core Council Tax and up to 2% for the Adult Social Care Precept, with additional flexibilities for some authorities. No limit for Town and Parish Councils.
 - A repeat of the one-year funding guarantee ensures all local authorities will see a minimum 3% increase in their Core Spending Power before any local decisions on raising Council Tax.
 - Another round of New Homes Bonus for eligible councils, again with no legacy payments
 - No 'negative' Revenue Support Grant applied in 2024/25

Council Tax and Collection Fund

6. As with previous years, the government has set a limit on the amount by which council tax can be increased. For the year 2024/25, the limit is either 3% or £5 on a Band D property (whichever is greater). Any increase above 2.99% will require a local referendum. The government expects that councils will increase council tax up to the limit in order to maintain their budget..
7. The proposed budget therefore assumes a 2.99% increase in 2024/2025, which is higher than £5. This equates to an annual council tax increase of £5.75pa for an average Band D property. This will generate £243,000pa of additional income.

New Homes Bonus (NHB)

8. The Council depends on funding from the NHB to support its base budget, with roughly 7% of the net revenue budget being funded by the NHB in 2023/2024. It's worth noting that in 2023/24 and 2024/25, the Government has compensated for the termination of legacy payments by introducing a one-year funding guarantee grant.
9. The provisional Local Government Settlement retains NHB but without the legacy grant. The value for 2024/25 is now only £739k (a reduction of £50k from the 2023/24 settlement and significantly less than the £1.6m received in 2022/23 - the main difference being the ending of legacy payments).
10. There is a significant future risk to the Council of losing this funding, and from 2025/26, there is no certainty as to what amount, if any, will be received.

Summary of Core Government Grant Funding

11. The 2024/25 Finance Settlement figures for the Council are summarised below compared to the 2023/24 amounts.

	2023/24 £000	2024/25 Provisional £000	Notes
Retained business rates	1,326	1,386	Budgeted at safety net amount
New Homes Bonus	790	739	2024/25 is one year only
Revenue Support Grant	69	73	
Services Grant	54	9	
One-off funding guarantee	1,029	1,285	Repeat of one-year grant to ensure that LAs get at least 3% increase in Core Spending Power overall
Total	3,268	3,492	

Table 1 Core Government Grant Funding

Reserves and Provisions

12. The S151 Officer reviewed reserves and provisions within the revenue budget and MTFs scope. Purpose, use, and amount held for each reserve were reviewed to ensure justification and flexibility. Changes were then made to align reserves with risks and service needs. These were approved by Council in September 2023.

Council Tax Support Scheme

13. Local authorities in England have been responsible for running their Council Tax Support schemes since 2013. Pension-age claimants are entitled to a scheme equivalent to the previous council tax benefit scheme by law. For working-age claimants, councils can either reduce the discount paid or find income to make up for the reduction. In previous years, the Council has agreed not to reduce the discount paid to such claimants but to fund the cost from the revenue budget split across all preceptors. The current scheme supports 2,700 low-income households in the district and provides much-needed help for keeping bills down. There is no proposal to change the Hart District Council's scheme for 2024/25, except for the statutory uprating adjustments required by the Government.

Fees and Charges

14. The budget has been prepared considering the fees and charges in the main service areas.:
- Due to the impact of Covid and a decrease in workplace commuting, car parking income had significantly decreased in recent years. While it is steadily rising, the overall car parking fee income is still below pre-Covid levels. On the other hand, the number of green waste subscriptions is increasing, but Hart's charges are higher compared to other councils in the area. To support local businesses and households facing financial

difficulties, the 2024/25 draft budget does not propose a general increase in car park charges or green waste subscriptions.

- In cases where the Council has the flexibility to set charges, the general approach is to increase them by inflation, typically around 4%, or round them up to the nearest pound if applicable. However, this rule doesn't apply to statutory charges or cases where the service manager has proposed a charge that is more or less than inflation, provided that they can justify it. In such cases, the Council will be informed in February, along with an accompanying explanation.
- The leisure centre charges have increased by August 2023 CPIX as per the operator's entitlement under the contract to apply an inflationary increase.

Draft Budget 2024/2025

15. The table below summarises the draft budget for 2024/2025 compared to the approved 2023/2024 budget. Full details of the budget and variations compared to the current year are included in Appendix 1.

	Note	2023_24		2024_25		
		Budget	Budget	Budget	Budget	
Net Service Budget		12,149		12,830		See Appendix 1 for breakdown Funded from reserves
SANG Expenditure		571		204		
Net Cost of Service		12,720		13,034		
Treasury Net debt/ investment Interest		107		-205		
MRP		564		630		
Net Expenditure		13,391		13,459		
Financed by:						
Council Tax		- 7,813		- 8,139		Base council tax 24/25 % increase and new dwellings Local Government Settlement Local Government Settlement Local Government Settlement
Council Tax Increase		- 327		- 323		
Business Rates Retained		- 1,326		- 1,386		
New Homes Bonus		- 790		- 739		
Other non-ringfenced grant		- 1,152		- 1,498		
SANG Reserve		- 571		- 204		
Investment property rental income	(i)	- 1,413		- 1,170		
Total Financing		- 13,391		- 13,459		
(Surplus)/Deficit		0		0		

Note (i) - The income from the lease of Edenbrook apartments has been moved from investment income to other income within the net service budget line to reflect its primary service objective.

16. The draft budget has adjustments to align with current and future service needs, including inflationary uplifts. Officers have maintained establishment controls, and year-on-year growth arose only from externally funded short-term positions. Details are in the appendices.
17. The draft revenue budget also includes some Cabinet-introduced proposals to provide additional investment in key priority areas as listed below:

Service	Amount £000	Comments
Community safety	45	Additional staff resources to strengthen the Council's work in this key function
Housing needs	45	Additional staff resources to meet high and growing demands
Car parks	80	Annual contribution to maintenance/improvement sinking fund to reflect the outcome of the medium-term condition survey
CCTV	25	As per CCTV review agreed by Cabinet, continuation of the £15k pa replacement fund plus £10k for potential relocation costs each year
Climate Change – HVO fuel in waste/recycling fleet	35	Additional cost, expected to fall over time. Switch delivers 96% carbon saving and is in line with the approved action plan
Fly Tipping	25	Additional staff resource to increase enforcement activity in this high profile function
Tree work	65	Additional resource to respond to increasing demand and backlogs. To be reviewed in 12 months time.
Planning peer review	18	One-off review follow-up to be undertaken after the efficiency review
Planning resources	80	Earmarking additional resource to reflect pressure on service and new statutory requirements. Release of resources is conditional on a business case arising from the efficiency review.

New Bids For Capital Schemes

18. The new bids for capital schemes in 2024/2025 are summarised in Appendix 2. Significant points to note are:
 - Council has agreed to fund several housing schemes from housing S106 funds to address the shortage of affordable homes in the district. These schemes will be carried out in partnership with RSL partners and will benefit those on the housing register. A survey found that Hart-owned car parks need investment in the short, medium, and long term. A new 'sinking fund' in the revenue budget will provide the necessary funding and smooth the budget impact each year.
 - CCTV camera replacement, continuation of the annual replacement programme, plus purchase of a mobile camera
 - Heathlands Court is being remodelled, but the cost, profile, and approval are yet to be determined. An options appraisal was approved by the Cabinet on January 4th. Car park ticket machines – following the trial, there is a proposal to replace most of the machines with more modern, lower maintenance ones.
 - Under the approved Climate Change Action Plan, a major investment in low carbon boilers at three of Hart's main operational buildings is proposed. The scheme value is £2.2m and is dependent on being successful in a bid to the Government's Public Sector Decarbonisation Scheme for £1.5m.
19. Other approved schemes are not in this report but are in quarterly statements. A review of all capital projects will happen after 23/24 outturn to check the budgets given high inflation on labour and materials in the past two years.

Medium Term Financial Strategy 2024-25 – 2027/28

20. The Medium-Term Financial Strategy (MTFS) is a financial planning document that helps the Council anticipate spending pressures four years ahead. It ensures proper preparation and sufficient funds to meet unexpected costs. The Council updates the MTFS mid-year and sets the budget for 2024/25 based on it.
21. The MTFS
 - Provides a framework for managing resources in the medium term to deliver the corporate plan.
 - Demonstrates that sufficient resources will be available to meet The Council's objectives and priorities, particularly in delivering value for money.
 - Looks ahead to the longer term to protect and help plan sustainable services within an extremely challenging external economic and funding environment.
 - Strengthens The Council's financial resilience and manages volatility and risk, including maintaining adequate reserves.
 - Anticipates financial pressures and identifies potential ways to balance The Council's budget, including efficiency measures.

22. The MTFS ending 2027/28 has been updated to include the latest assumptions and projections and is included in Appendix 3.

Flexible Use of Capital Receipts

23. In 2022, the government issued a new directive under the Local Government Act 2003 which provides flexibility in using capital receipts from the sale of non-housing assets to fund revenue costs of service reform. This directive applies to capital receipts that meet the statutory definition and have been received since April 2016.
24. The Council has £4.3 million in capital receipts, mainly from Housing Right to Buy receipts. To ensure this money can be used if needed, the council should renew the required resolution. The proposed strategy for 2024/25 is to use capital receipts for cost-saving revenue projects such as energy efficiency, asset reconfiguration works, business transformation and collaboration activity, activities.

Risks

25. The MTFS delivery and efficiency programs carry risks, especially due to economic uncertainty. Key risks are summarised below:
- Achieving savings targets when service demand is rising and recruitment and retention is very challenging.
 - Limited ability for further investment in commercial property with new borrowing restrictions in place. Government policy change has affected the Council's ability to undertake prudent 'yield' investments.
 - The impact of the Government's business rate funding review and Fair Funding review is likely to reduce retained business rates and increase risk; negative grants are still on the agenda.
 - Property – this is an increasingly important revenue stream in the Council's budget, so the risk of rent loss due to void periods must be evaluated.
 - Environment Act implications on the cost of the waste contract with uncertainty about government funding.
 - The end of the waste contract and Capita contract within the MTFS period presents risks and opportunities. The Council must plan its lead in times and resources sufficiently.
 - Project management and governance to ensure capital schemes and projects are adequately resourced and overseen. Need to attract external funding where possible.
 - Reliance on Council Tax increase, Planning and Building Control income are set or limited by the Government.
 - The unknown economic impact on inflation and interest rates
 - Cost of living and its economic impact on The Council's community, businesses and residents – this is leading to a higher demand for services, the need for closer monitoring of debts and a greater demand for hardship funds.

- Recruitment and retention – impact on services and cost of agency cover.
- Heightened cybercrime risk with the cost of insuring and defending against the risk materialising.

Local Government Act 2003 – Financial

26. The Local Government Act 2003 formally introduced a number of specific matters that the S151 Officer must comment on in the budget setting report. These are:
- Budget calculations and the robustness of estimates,
 - Adequacy of reserves, and
 - Budget monitoring.
27. The sections were introduced to ensure sound financial management across all local authorities. The council follows good financial management practices in its budget-setting process. The council takes prudent allowance for risks and uncertainties while preparing budgets. Budgets are monitored by officers and are reported to members quarterly, supplemented by monthly exception reports. The council's external auditors have provided favourable comments on its financial management.

The Robustness of the Estimates

The draft 2024/25 budget has prepared amidst uncertainty and risk due to the pandemic legacy and economic conditions. However, the Council has made provisions in the budgets to allow for the uncertainty. The Council's Financial Strategy and information presented to members throughout the year demonstrate the financial challenges faced by the Council in the future, including the risks associated with the current economic situation.

The key Financial Strategy issues for the General Fund include:

- Risks associated with declining rateable value and increased appeal risk pose a threat to business rate income. However, the impact on the annual budget has been mitigated by the business rate smoothing reserve, which has been assessed against the risks. No further contribution has been made in 2024/25, but adjustments may be possible in the future based on the outcome of the Government's Fair Funding review and the Council's exposure to appeal risk.
- Keeping the dependency on current and new income from property in proportion to the overall budget and providing sufficiently for void periods and costs.
- Future of Government funding including New Homes Bonus
- Volatile inflation and interest rates.

The draft Budget for 2024/25 is robust, and the Section 151 Officer is satisfied with the estimates presented. The draft budget is considered prudent, and the multi-pronged strategy outlined in the MTFs to address financial challenges is progressing well. Effective monitoring during the year is crucial, and the risks noted in the report must be acknowledged. There is confidence in the delivery

of savings and the successful achievement of additional commercial property income.

Adequacy of Reserves

Reserves are held for unexpected changes in inflation or interest rates, higher expenditures or loss of income, and unforeseen events. The Section 151 Officer is satisfied that reserves are sufficient to support the budget and underpin the MTFS. The General Fund Working Balance is half the annual net cost of services and meets the Local Government Act 2003 requirements. A prudent minimum balance was approved by Council in September 2023.

The main risks to reserves in 2024/25 are economic conditions, inflation levels and commercial property voids. If costs exceed the available funding, the Council will need to reprioritise funding from other reserves. The combined balances are considered adequate in light of future pressures.

Budget monitoring

The budget monitoring arrangements in place satisfy the Local Government Act 2003. The Council is on track to stay within budget for 2023/24, with major expenditures being managed effectively. Income forecasts are holding up and the latest monitoring summary will be reported in March. Although the arrangements in place are sound, close monitoring is necessary to avoid any budget variations.

Equalities

28. All activity will comply with the authority's statutory duties.

Climate Change

29. The Council aims to become a carbon-neutral authority by 2035, and the budget and MTFS will support this goal. While the recommendations have no direct environmental impact, £250k was included in the 2022-23 budget for developing the council's agenda towards achieving carbon neutrality. This was repeated in the 2023/24 budget, with an additional £50k transferred to strengthen the staff resource for delivering the Climate Change program. The draft 2024/25 budget allows for the continuation of this budget along with staff costs at current levels.
30. This annual budget will need to remain flexible to ensure sufficient staff and consultant resources to oversee the program and deliver projects. The revenue budget can be utilised for either capital/project expenditure or ongoing running costs. Projects to deliver the plan will be approved by the Cabinet and funded from this budget as the need arises throughout the year.

Overview and Scrutiny Review of Budget

- The level of decrease in parking income from 2019/20 until now. It was established that it had reduced by approximately £150K.
- The increase in green waste subscriptions, and what profit was being made, December year to date subscriptions have increased by 18%. As it is a seasonal service it is difficult to predict.
- Investment property rental income was confirmed as a reclassification of the income to track the reclassification of the asset.
- The cost and timescales of the car park ticket machine rollout. It was confirmed that upgrading 22 of 26 machines for £74K during 2024/25 year
- Clarification of the new roles in Community Services, Community Safety and Housing Needs. It was explained that a new role within the Community Safety Team focusing on antisocial behaviour, crime prevention role and covering statutory safeguarding. The second role was within the Housing Solutions team and focused on the increased use of bread and breakfast, homelessness and keeping residents in their homes.
- Funding for the planning resources, and whether the costs were anticipated to be one-off or ongoing. The 80K set aside for planning resources was dependent on the nature of the business case being recommended from the efficiency review.
- Funding for the peer review was confirmed as a one-off cost and the tree planting work was for backlog clearance.
- Whether it was possible to give an indication of the tests the budget met and whether it was just met or exceeded.
- Were there any other stress tests that could be used above the statutory test listed. It was confirmed that additional tests were available such as sensitivity analysis for income and use of prudential indicators for treasury activity.

CONTACT: Graeme Clark, Director of Corporate Services

APPENDICES:

Appendix 1 – Budget analysis

Appendix 2 – Bids for new capital schemes

Appendix 3 – Medium Term Financial Strategy

Summary of Budget movements 2023/24 to 2024/25

MTFS £000	Note	23/24 Budget	24/25 Budget	Movement
Employee Costs	1	7,037	7,656	619
Premises	2	636	747	111
Supplies and Services	3	4,588	5,572	983
Contracts	4	5,465	5,411	(54)
Transport	5	104	110	7
Third Party Payments	6	201	216	15
Transfer Payments	7	10,309	10,425	116
Other Grants and Contributions	8	(238)	31	269
Income	9	(15,381)	(17,133)	(1,752)
Net Cost of Service		12,720	13,034	313
Revenue Projects	10	405	213	(192)
Commercial Income*		(1,413)	(1,170)	242
Council Tax and Business Rates		(9,468)	(9,848)	(380)
Treasury	11	109	(205)	(314)
Other Funding	12	(2,354)	(2,023)	330
Outturn		0	0	0

*Commercial Income excludes Edenbrook Apartments which is included in Income.

Note: All numbers have been rounded to thousands which can cumulate in small total differences.

Budget Movement by Service

Net Cost of Service £000	Note	Community	Corporate	Place	Total
Budget 2023/24		3,325	7,058	2,337	12,720
Employee Costs	1	228	553	(162)	619
Premises	2	82	(2)	31	111
Supplies & Services	3	32	940	12	983
Contracts	4	43	(153)	57	(54)
Transport	5	(13)	29	(9)	7
Third Party Payments	6	5	3	7	15
Transfer Payments	7	201	(84)		116
Other Grants & Contributions	8	269			269
Income	9	(350)	(1,418)	16	(1,752)
Budget 2024/25		3,820	6,925	2,289	13,034

Movements are further explained in Tables below.

1. Employee Costs

Employee Costs	Note	Community	Corporate	Place	Total
Budget 2023/24		2,284	2,282	2,471	7,037
Staff Inflation and increments		54	118	106	278
Cost Centre Movements	1	20	255	(276)	0
Ukraine - met from grant		112			112
UK- SPF - met by grant			71		71
Climate Change	2		52		52
Growth*	3	90		25	115
Training		(20)	49	(20)	9
Other	4	(28)	8	3	(17)
Budget 2024/25		2,512	2,834	2,309	7,656

1. Cost Centre Movements – Countryside Team corrected to be within Community from Place. All SLT members moved to Corporate – Leadership Team.
2. Climate change – approved by Cabinet in March 2023 – budget transferred from Climate Change operational budget.
3. Growth* – additional 0.6 FTE for fly-tipping; Community Safety 1.0 FTE; Housing Need 1.0 FTE – initial 2 year fixed term contract. See paragraph 10.3 of main report.

2. Premises

Premises	Note	Community	Corporate	Place	Total
Budget 2023/24		153	82	400	636
Business Rates		(22)		34	13
Electricity	1	(2)		(44)	(46)
Gas				2	2
Repair & Maintenance	2	106		41	147
Other		(0)	(2)	(3)	(5)
Budget 2024/25		235	80	431	747

1. Electricity cost decreased due to solar panels.
2. Repair & Maintenance – additional funds for car park and CCTV maintenance. See paragraph 10.3 of main report.

3. Supplies & Services

Supplies & Service £000	Note	Community	Corporate	Place	Total
Budget 2023/24		1,055	2,882	652	4,588
Homelessness Costs		75			75
Homelessness Grants		(73)			(73)
Audit Fees			100		100
UK Shared Prosperity Fund	1		806		806
Tree consultants				65	65
Mobile phones			(25)		(25)
Other	2	30	59	(53)	35
Budget 2024/25		1,087	3,822	663	5,572

1. UK Shared Prosperity Fund is off-set by a Grant in Income
2. Other includes inflationary uplift to hired services which been initially reviewed for need.

4. Contracts

Contracts £000					Total
	Note	Community	Corporate	Place	
Budget 2023/24		1,463	3,520	482	5,465
CCTV	1	(34)			(34)
Grounds		94			94
5C			124		124
Waste	2		252		252
Leisure - received by Hart	3		(582)		(582)
Licencing				33	33
Other		(18)	52	24	59
Budget 2024/25		1,505	3,367	539	5,411

1. CCTV - legacy contract budget correction.
2. Waste – inflation + cost of additional recycling rounds - off-set by income
3. Contracted Leisure contract – step increase in Management Fee

5. Transport

Transport £000	Note	Community	Corporate	Place	Total
Budget 2023/24		55	13	36	104
Car Allowances		(14)	(5)	(6)	(25)
Other	1	1	34	(3)	31
Budget 2024/25		42	42	27	110

1. Corporate – Other - £35k HVA additional fuel cost

6. Third Party Payments

Third Party Payments £000	Note	Community	Corporate	Place	Total
Budget 2023/24		85	8	109	201
Contributions to voluntary organisations		3	9	1	13
Payments to Other local authorities		2	(6)	6	2
Budget 2024/25		89	11	116	216

7. Transfer Payments

Transfer Payments £000	Note	Community	Corporate	Place	Total
Budget 2023/24		125	10,184		10,309
B&B payments		126			126
HB rent rebates		75			75
HB Rent Allowances			(84)		(84)
Budget 2024/25		325	10,100	0	10,425

8. Other Operating Income/Expenditure

Other Operating Income/Expenditure £000	Note	Community	Corporate	Place	Total
Budget 2023/24		(238)			(238)
Legacy homeless grant contribution		250			250
Bad Debt Provision		19			19
Budget 2024/25		31	0	0	31

9. Income

Income £000					Total
	Note	Community	Corporate	Place	
Budget 2023/24		(1,656)	(11,913)	(1,812)	(15,381)
Fees & Charges	1	(34)	73	30	69
Building Control				48	48
Grant		(23)	46	10	33
Recycling			(225)		(225)
UK Shared Prosperity			(877)		(877)
Civic Leases				(151)	(151)
Butterwood Homes lease	2		(283)	0	(283)
Recovery of Costs	3	(293)	(152)	28	(417)
Other				51	51
Budget 2024/25		(2,006)	(13,331)	(1,796)	(17,133)

1. Community: additional car park income from FCoT. Corporate – land fee charges removed as service will be provided by central government (£51k); income from Bulky waste reduced reflecting demand (£20k).
2. Butterwood Homes lease – transferred from Commercial Income
3. Community: rent deposit payments (£172k); homelessness costs (£121k). Corporate – rent allowance subsidy £140k. These costs are paid by Hart and reclaimed from HCC/Central Government.

10. Revenue Projects

Revenue Projects £000	Note	Community	Corporate	Place	Total
Edenbrook Boardwalk		5			5
Elvetham Boardwalk		50			50
Culvert replacing/widening at Broad Oak Common		10			10
Fleet Pond Ecology		90			90
Whitewater Meadow-fencing		5			5
Email Platform			3		3
Website-Phase 3			10		10
Cyber Security - revenue projects			25		25
Planning settlement study				5	5
CCTV Repositioning of cameras		10			10
		170	38	5	213

Page 55

11. Treasury/Net Debt

Treasury	Total
Budget 2023/24	109
Interest on Investments	(296)
Interest Payable on debt	(19)
Budget 2024/25	(205)

12. Other Funding

Other Funding	Total
Budget 2023/24	(2,354)
New Homes Bonus	51
Non-ring fenced grant	(259)
Revenue support grant	(5)
Services Grant	47
Movement in reserves	430
MRP	66
Budget 2024/25	(2,023)

New bids for Capital Schemes 2024/2025

Service Area and Description	Budget Requested £000	Source of Funding	Description
Community Services			
CCTV	21	Revenue contribution and equipment reserve	Annual maintenance fund + £6.5k roaming camera purchase
Disabled Facilities	890	Funded from Better Care Fund via HCC	
Private Sector Renewals	10	Private Sector Renewals Reserve	To support private landlords.
Edenbrook Country Park signage suite	40	Edenbrook SANG	Requirement to install appropriate signage as outlined in the Countryside Signage Strategy to attract users and meet the Green Flag criteria.
Edenbrook Pale Lane track and parking	50	Edenbrook SANG	Emergency vehicle access and safety of visitors.
Edenbrook path repairs	16	Edenbrook SANG	To maintain the site to a Green Flag standard and promote it as an accessible site for all.
Elvetham Heath signage suite	20	S106 (District Leisure)	Create new changeable interpretation panel to highlight historic ditch and bank system.
Hazeley Heath vehicle crossing	20	S106 (District Leisure)	Improved emergency vehicle access and safety of visitors.
Upgrading 22 of 26 Ticket Machines for Car Parks	74	Capital Receipts	Ticket machines have a finite useful life and need to be replaced on a periodic basis.

Service Area and Description	Budget Requested £000	Source of Funding	Description
Community Services			
Purchasing larger 3 and 4 bed properties as affordable housing	1,500	Affordable Housing S106 receipts	Deliver more affordable homes within the district, and provide homes which support independent living as well as homes for other specialist groups and reduce any reliance on temporary and emergency accommodation.
Path from car park to play area at Whitewater SANG	45	S106 (District Leisure)	Improve accessibility for all users and abilities to the play area.
Purchasing properties for affordable M4(3) wheelchair accessible homes	1,000	Affordable Housing S106 receipts	Working with an RP partner to purchase properties to be adapted for households whose needs cannot be met from new build S106 or existing stock e.g. fully wheelchair accessible homes
Refurbishment of two Roundabouts (at Elvetham Heath on the Fleet Road / Reading Road North)	100	Reserves from the roundabout sponsorship income program.	Prominent roundabouts that attract income when appropriately maintained.
Remodelling of Heathland's Court	TBC	Right To Buy receipts and other capital receipts	Project to be developed following option appraisal on 4 Jan 24 (Cabinet). Indicative costs £3-4m
Whitewater SANG BNG Works	168	Biodiversity Reserve	Works to Whitewater SANG to create BNG credits; to include tree planting, hedgerow management and improvement, and wetland creation.
Total Community	3,954		

Service Area and Description	Budget Requested £000	Source of Funding	Description
Corporate Services			
Corporate Network Segmentation	15	Digital Transformation Reserve	To improve network performance and security.
Cyber Security	26	Cyber Security Grant in EMR	To assist the Council develop its cyber security posture to ensure that its security technology is developing to mitigate any new or future threats
Develop and design SharePoint as an intranet	15	Digital Transformation Reserve	Develop Sharepoint to improve staff communication and collaboration.
Development of digital strategy 2024-27	30	Digital Transformation Reserve	Update digital strategy
Phase 3 of website development	25	Digital Transformation Reserve	Improve online payment experience for Hart residents.
Windows 11 Pilot	10	Digital Transformation Reserve	Windows 10 support ends in Oct 25 and the authority needs to start preparing to migrate all of its end user devices to Windows 11
Total Corporate	121		
Place			
Kingsway Flood Alleviation Scheme	138	Capital Grants	Flood alleviation scheme
Phoenix Green, HW	60	Capital Grants	Flood alleviation scheme
Total Place	198		
	4,272		

Scheme for approval, subject to successful funding application:

Climate Change/Property	2,156	Public Sector decarbonisation scheme £1,524k Earmarked Reserves £582k	Replacement of boiler with low carbon solution at Civic Office, Harlington Centre and Frogmore Leisure Centre.
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Appendix 3

Medium Term Financial Strategy

Medium-Term Financial Strategy 2024/25 – 2027/28

1 Introduction

- 1.1 The purpose of the Medium-Term Financial Strategy is to set a robust overall financial framework for the Council's spending plans over the next four years to support delivery of the Corporate Plan priorities within the context of a balanced annual budget.
- 1.2 The main objectives of the Medium-Term Financial Strategy are:
 - To look to the longer term to help plan sustainable services within an uncertain external economic and funding environment.
 - To help ensure that the Council's financial resources are directed to support delivery of the Corporate Plan priorities and achievement of value for money.
 - To illustrate the financial effects of existing financial commitments over the medium term, both revenue and capital, under several possible scenarios, and to set the parameters for the efficiency and savings strategy necessary to achieve a balanced budget.
 - To provide a robust framework to assist the decision-making process.
 - To maximise the Council's financial resilience and manage risk and volatility, including maintaining adequate reserves.
 - To secure, maintain and develop the Council's capital assets consistent with asset management plans and the Capital Strategy.
 - To provide a single document to communicate the financial context, aims and objectives to staff and stakeholders and support working with partners.
- 1.3 The financial strategy includes a four-year budget forecast that is reviewed annually. The Medium-Term Financial Strategy builds on the previous medium-term strategies to provide the financial foundation for delivery of the Council's policy priorities and to meet the identified performance and resource issues.
- 1.4 Proposals to balance the Medium-Term Financial Strategy are designed to support the Corporate Plan priorities over the medium term and are a continuation from previous years' strategies which involve a range of approaches to balancing the budget. These include efficiency savings, additional commercial income, council tax increases, use of reserves and use of grants.
- 1.5 The current economic and financial environment provides a very challenging context for the Medium-Term Financial Forecast. The forecast and strategy need to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and risk transfers from central government.

1.6 All service budget holders need to develop their service plans and budgets within the context of the medium-term forecast. This includes achieving saving and efficiency budget reductions and containing any new development within the overall level of resources identified in the strategy.

2 Internal Policy and Service Context

2.1 The role of the Council's financial planning process is to support the achievement of the Corporate Plan.

2.2 The adopted Corporate Plan 2023 – 2027 is the medium-term strategic policy document which sets out the general direction, key priorities and activities for the Council and informs the use of its resources.

2.3 The revised Corporate Plan was approved by Council in February 2023 following a public consultation. The main themes and priorities set out are:

- Planet - Sustainability and Climate Emergency: A carbon neutral and climate resilient council by 2035
- People - fair treatment for all, help for those in need, and a sustainable economy that makes Hart a great place to live and work
- Place - delivering warmer, better homes in sustainable locations that people can afford to live in
- Delivered by a resilient and financially sound Council - Your services: getting it right first time and delivering what matters to you

2.4 The Medium-Term Financial Strategy also supports all other Council strategies, such as the Capital Strategy, the Commercialisation Strategy, and the Treasury Management Strategy. In particular, it acts as the framework linking the Council's more detailed service plans, asset management plans and capital plans with the longer term to help ensure that the Council's plans are financially achievable.

3 Internal Financial Context

3.1 The Council's net cost of services is approximately £13m pa.

3.2 The key financial issues for the Council are.

- The Council relies heavily on New Homes Bonus and uses all the funds it receives to support the revenue budget each year
- Changes to Business Rates retention have not significantly increased the Council's income to date, as there has been little net growth of larger businesses in the district
- Reserves are currently healthy, but are likely to be increasingly required to fund the revenue budget in future years
- The council tax base has seen strong growth over recent years, but future development may be slower as our Local Plan development has been front loaded.
- Government funding is likely to reduce after 2024-25
- The Council has few saleable assets and will have to borrow to fund

capital assets.

4 External Economic, Financial and Legislative Context

4.1 The Council's Medium Term Financial Strategy is set within the context of the national economy, the public expenditure plans detailed in the government's Spending Review and national legislation.

4.2 Fair Funding Review

The Spending Review will determine the size of the DLUHC's overall local government budget. The Fair Funding Review will determine how that budget is allocated between local authorities.

Grants and spending power are determined according to the relative needs and resources of each council area. The formulae to calculate these needs and resources are being reviewed, reduced in number, and simplified for allocations from 2025/26. This will inevitably lead to "winners" and "losers" as the overall pot will remain the same size at best.

The Council is likely to lose out from this process as it is almost certain that funding will be shifted towards those authorities that have social care responsibilities and higher levels of deprivation. Funding issues around adult social care have been apparent for years, but more recently concerns have arisen about the funding of children's services too, as demand keeps rising.

4.3 Business Rates Income

4.3.1 The position on business rate scheme changes is currently unclear.

4.3.2 The Government announced in 2016 a proposal to introduce a new scheme by the end of the current parliament which would move from 50% to 100% business rates retention by local authorities nationally, accompanied by new responsibilities for local government and a phasing out of certain government grants.

4.3.3 However, the proposals were then revised to 75% retention as insufficient grant streams proved suitable for replacement. The Government proposals expect the new system to retain the current top-up /tariff approach which results in the council currently retaining only £1.4 million (3.9%) of the £36 million it should collect in business rates. Further consideration will be required to determine the proportion of business rates that will be allocated to each tier of local government.

4.3.4 Government consultation recognised the potential increase in risks due to the business rates appeals process, and the difficulties in forecasting and accurately predicting outcomes.

4.3.6 At the same time the government will also carry out the Fair Funding Review which will set a new base level position for business rates retained by the Council based upon a relative needs and resources assessment.

4.4 New Homes Bonus Grant

The New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use. The Council's grant has reduced from £1.6m in 2022/23 to £0.7m in 2024/25. The Government will consult on a new system.

4.7 Impact on the Council and Budget

4.7.1 The key impacts of the national context on the Council's Medium Term Financial Strategy are (main actions in bold).

- The Council should be prepared for an extended period of government funding reductions throughout the medium-term period and beyond and therefore should continue to seek to **reduce costs and generate additional revenues** wherever possible in order that core services can be delivered on a sustainable basis.
- The Council may face increased demand on its services and budgets as a result of partner organisations' responses to reductions in government funding so it must **maintain good communication and engagement with partners**.
- There has been a significant risk transfer from central government to local government as a result of the legislative changes so the Council should **anticipate, prepare and resource effectively**.
- The longer-term uncertainty and increased risk and volatility associated with the new Business Rate Retention Scheme and the fair funding review.
- The impact on business rates of the current economic volatility and slow recovery of income to pre-Covid levels including customer activity shifting affecting car parks and leisure centres.

4.7.2 The Council needs to plan over the medium term for an increase in financial risk and year on year volatility. The economic outlook remains unclear, and it remains important that the Council has a level of reserves that allows it to withstand unanticipated financial impacts of future developments at a local and national level. In the longer term there will be financial returns from commercial investments which will offset the pressures from government funding.

4.7.3 To ensure a balanced and sustainable medium-term budget, significant further on-going efficiency savings and agreed strategies for increased investment income (non-fixed interest) will need to be delivered.

5 **Financial Strategy Forecast Scenarios and Assumptions**

5.1 Given the uncertainty and financial challenges facing the council it is important that for each of the most significant areas the Council look at different potential outcomes. The financial forecasts have been prepared by looking at five scenarios for each of the significant areas and deciding on which is the most likely.

5.2 The main assumptions used in the MTFs for each of the significant areas are summarised below:

- Annual pay increase allowance of 6%, reducing to 2% over the MTFs period, along with an allowance for incremental increases. Recent pay awards have included a fixed cash sum increase for most staff, bring the total % budget impact to above the headline percentage rise.
- A general annual inflation allowance of 4% in 2024/25 budget but with significant uncertainty going forward
- Contracted services' inflation allowances reflect the inflation clauses of their contracts.
- Base interest rate assumption of 4% on Treasury management investments in the 24/25 Budget.
- Use of all New Homes Bonus receivable to support the revenue budget
- Negative Revenue Support Grant has been deferred, not cancelled, and could cost the Council's budget £560k pa if invoked.
- Business rate income forecast to be at the baseline level over the forecast period due to low growth forecast and declining rateable value.
- Continuation of the current council tax support scheme.

6 Financial Forecast and Budget Strategy

6.1 The following table shows the main changes from the draft base 2024/25 budget across each year of the MTFs. This forecast will be used to inform financial planning and will be reviewed periodically with any material change reported to Members.

	2025/26	2026/27	2027/28
Forecast change from previous year's budget () indicates favourable variance £000	Change from 24/25 draft budget £000	Change from 25/26 draft budget £000	Change from 26/27 draft budget £000
Cost/Savings			
Net inflation	496	434	397
Waste contract and IAA changes	100	200	200
Capita 5C contract	(50)	(100)	
Funding			
Council tax growth in base	(50)	(30)	(30)
Retained business rates	200	200	200
Other Government funding	200	200	200
NHB	100	100	100
Budget shortfall – before council tax increase	996	1,004	1,067
Council tax increase	(210)	(220)	(220)
Budget shortfall	786	784	847

MTFS Assumptions

Inflation	2025/26	2026/27	2027/28
Pay	4%	3%	2%
Contracts	4%	3%	3%
Other	3%	3%	2%

- Council tax increase of 1% = £81k. 2.99% will be allowable in 24/25, uncertain beyond that but assumed revert to £5 per Band D
- No certainty provided regarding future years' grant and NHB beyond 2024/25 – assumed reductions apply from 25/26
- Assumed waste budget impact as per HCC's proposals and higher base cost from Sept 2026
- Interest rate reduces and stabilises from 25/26

6.2 In terms of future years beyond 2024/25, the forecast is currently showing a budget deficit, growing each year. This is mainly due to:

- inflation on costs being higher than income from permissible council tax increases
- an assumed annual reduction in government grants from 2025/26, resulting from the funding review(s)
- the impact of waste collection costs and recycling income.

6.3 Once the budget for 2024/25 has been finalised, a robust budget strategy and action plan for the MTFS period will be developed. The interim MTFS forecast suggests that to maintain a balanced and sustainable medium-term budget, additional on-going efficiency savings and strategies for increased investment income will need to be implemented. These may include:

- Smooth impact with reserves
- Efficiency reviews – use reserves to meet project costs
- Income – new and increased.
- Capita exit
- Vacancy target and control
- No-inflation on non-contract/staff budgets
- Property – new and rent reviews
- Treasury interest from broadening policy further

6.4 Key risks to the budget and MTFS include:

- Waste – HCC's IAA, contract renewal and Environment Act
- Government funding – no short or long-term certainty
- Land charges – income transfer to government
- Contracts – opportunities and risks
- Ability to deliver further efficiencies and cost savings without reducing services.

CABINET

Date of Meeting: 1 February 2024

Title of Report: Treasury Management Strategy Statement, Annual Investment Strategy and Capital Strategy

Report of: Director of Corporate Services and S151 Officer

Portfolio Holder: Deputy Leader and Finance

Purpose of Report

1. To present the draft Treasury Management Strategy Statement for 2024/25 which incorporates the Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy and Prudential and Treasury Indicators.
2. It is a legal obligation to set a Capital Strategy, which is also presented for review. This strategy provides the strategic framework for the treasury activity. The 2024/25 draft documents do not suggest any major changes as compared to the approved ones for the current year.

Recommendation

3. That Cabinet recommends that Council:
 - I) approves the Treasury Management Strategy Statement 2024/25 and the revised Minimum Revenue Provision policy contained within it,
 - II) approves the Annual Investment Strategy for 2024/25 and;
 - III) Approves the Capital Strategy 2024/25.

Background

4. The Council is required by the Local Government Act 2003 and its supporting regulations to consider the Prudential Code and establish Prudential Indicators for the next three years. This ensures that the council's capital investment plans are financially feasible, cautious, and long-lasting.
5. The Act, therefore, requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act); these set out the council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
6. The Treasury Management Strategy Statement is attached as Appendix 1. This incorporates the Annual Investment Strategy 2024/25 at section 4 and the MRP policy at section 2.5. The template for this strategy statement was provided by Hart's treasury advisor, Link, who provides treasury services to many councils. Using Link's template ensures that all statutory requirements are met, including

the latest revisions to the Code of Practice which were referred to in the report to Council in February 2023. The Capital Strategy is included as Appendix 2.

CONTACT: Graeme Clark, Director of Corporate Services and S151 Officer,

APPENDICES

Appendix 1 – Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Appendix 2 – Capital Strategy

Appendix 3 - Interest rate forecasts and economic background from treasury advisors Link

TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25

1.0 Introduction and Key Considerations

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework.

CIPFA published the revised Codes on 20th December 2021 and stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Council, therefore, must have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes:

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration, and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. A council must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires a council to implement the following:

- **Adopt a liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
- **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

- **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
- Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the council's integrated revenue, capital and balance sheet monitoring;
- **Environmental, Social and Governance (ESG)** issues to be addressed within a Council's treasury management policies and practices (TMP1). This is covered in the Annual Investment Strategy in section 4.1.

The main requirements of the Prudential Code relating to service and commercial investments are:

- The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
- A council must not borrow to invest for the primary purpose of commercial return;
- It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the council, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
- An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
- A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
- Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

A council's Capital Strategy or Annual Investment Strategy should include: -

- The council's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the

council's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;

- An assessment of affordability, prudence and proportionality in respect of the council's overall financial capacity (i.e., whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);
- Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
- Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
- Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the council's overall strategy);
- State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that a council must not borrow to invest primarily for financial return.

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local council’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed.
- the implications for future financial sustainability.

The aim of the strategy is to ensure that all the council’s elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. The draft Capital Strategy is included at Appendix 2.

1.2.2 Treasury Management Reporting

The council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending

prudential indicators as necessary, and whether any policies require revision. In addition, this Council will receive quarterly update reports.

- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Overview and Scrutiny Committee.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council/Board but do require to be adequately scrutinised. This role is undertaken by the Overview and Scrutiny Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

The following training has been undertaken by members - Treasury Management Member Training on 12th October 2023 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained.

1.5 Treasury Management Consultants

The council uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2. The Capital Prudential Indicators 2024/25 – 2026/27

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure by Service	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Community Services	2,278	2,566	3,954	890	890
Corporate Services	123	237	121	0	0
Place	0	80	198	0	0
Total capital expenditure	2,401	2,883	4,272	890	890

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises how these capital plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Total capital expenditure	2,401	2,883	4,272	890	890
Financed by:					

Capital receipts	26	10	74	0	0
Capital grants	2,106	2,371	3,230	890	890
Earmarked Reserves	0	420	218	0	0
Revenue	269	82	750	0	0
Total financing need for year	2,401	2,883	4,272	890	890
Borrowing requirement	0	0	0	0	0

2.2 The council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The council is asked to approve the CFR projections below:

Capital Financing Requirement (CFR)	2022/23 Actual £'000	2023/24 Est £'000	2024/25 Est £'000	2025/26 Est £'000	2026/27 Est £'000
Brought Forward	41,449	40,862	40,245	39,615	38,974
Borrowing requirement	0	0	0	0	0
Less MRP and other financing movements	(587)	(617)	(630)	(641)	(644)
Net movement in CFR	(587)	(617)	(630)	(641)	(644)
CFR Carried Forward	40,862	40,245	39,615	38,974	38,330

2.3 Liability Benchmark

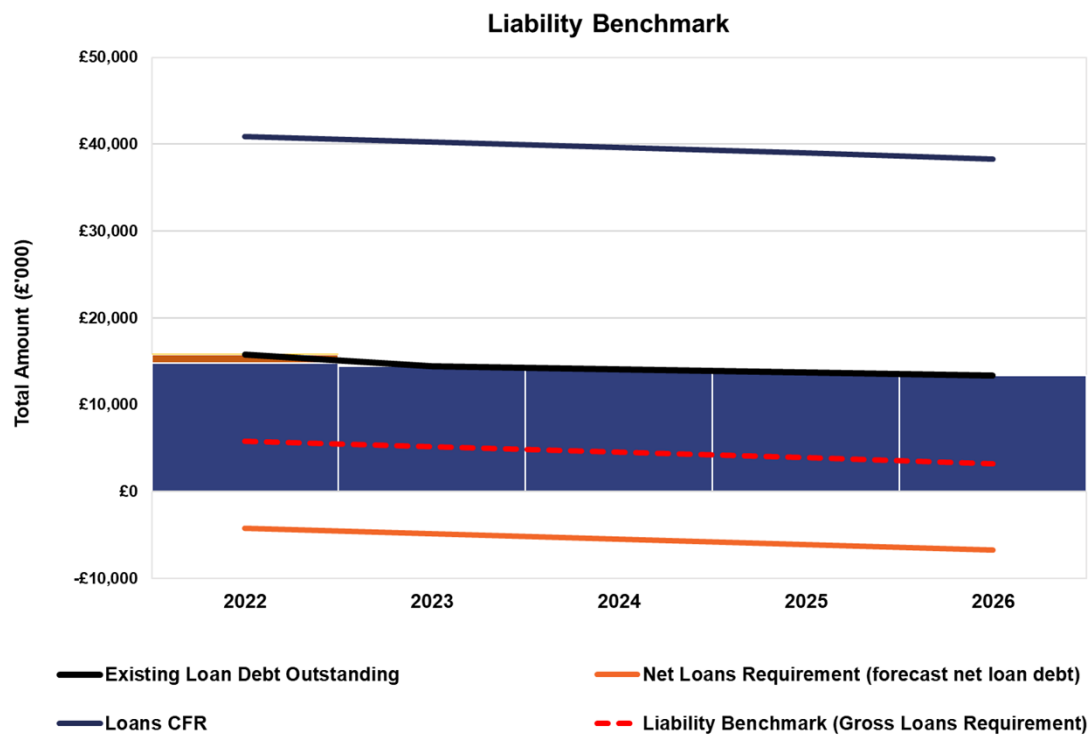
The council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1. **Existing loan debt outstanding:** the council's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the council's gross loan debt less treasury management investments at the last financial year-end, projected into

the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Fund balances/reserves	42,367	40,359	37,111	37,355	37,591
Capital receipts*	4,574	4,564	4,490	4,490	4,490
Provisions	549	549	549	549	549
Other	0	0	0	0	0
Total core funds	47,490	45,472	42,150	42,394	42,630
Working capital	4,023	4,023	4,023	4,023	4,023

Under/(over) borrowing	25,093	25,804	25,536	25,263	24,994
Expected investments	26,420	23,691	20,637	21,154	21,659

* Reclassification of Balances between Grants & Contributions Unapplied & Capital Receipts

2.5 Minimum revenue provision (MRP) policy statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) regulations 2008 require the Authority to calculate a prudent provision of MRP whilst having regard to the current MRP Guidance (2018). The broad aim of prudent provision is to ensure that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The Guidance gives four ready-made options for calculating MRP but the Council can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full Council approval in advance of each financial year.

It is recommended that Council approves the following MRP Policy Statement.

- Unsupported borrowing will be subject to MRP using the Asset Life Method, which will be charged over a period which is reasonably commensurate with the estimated useful life of the assets. An annuity method will be applied for the MRP calculation.
- MRP will commence in the financial year following the one in which the expenditure was incurred, or in the year after the asset becomes operational.
- The interest rate applied to the annuity calculations will reflect the market conditions at the time. For the current financial year the interest rate used will be the Authority's weighted average borrowing rate.
- MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset life method as recommended by the MRP guidance.
- MRP in respect of assets acquired under PFI or Finance Leases will be charged at a rate equal to the principal element of the annual lease rental for the year in question.

- MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory MRP, i.e. voluntary revenue provision (VRP) or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The VRP overpayments up to 31st March 2023 are zero.
- On an annual basis the Section 151 officer shall review the level of MRP to be charged, to determine if this is at a level which is considered prudent based on the Council's circumstances at that time, taking into account medium / long term financial plans, current budgetary pressures, current and future capital expenditure plans. Dependant on this review the Section 151 officer will adjust the annual MRP charge by making VRP or reclaiming previous VRP. The amount of MRP charged shall not be less than zero in any financial year.

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

3.1 Current Portfolio Position

The overall treasury management portfolio as at 31.3.23 and for the position as at 30.11.2023 are shown below for both borrowing and investments.

Treasury Investments:

Counterparty Classification	Actual £'000 at 31/03/2023	Actual % at 31/03/2023	Current £'000 at 30/11/2023	Current % at 30/11/2023
Banks	22,182	85%	27,818	69%
Local Authorities	0	0%	5,000	12%
Money Market Funds	4,000	15%	7,280	18%
Total Treasury Investments	26,182	100%	40,098	100%

External Borrowing:

Counterparty Classification	Actual £'000 at 31/03/2023	Actual % at 31/03/2023	Current £'000 at 30/11/2023	Current % at 30/11/2023
Local Authorities	977	6%	977	6%
PWLB	14,792	94%	14,618	94%
Total External Borrowing	15,769	100%	15,595	100%

Treasury investments less external borrowing:

Investments less borrowing	Actual £'000 at 31/03/2023	Actual % at 31/03/2023	Current £'000 at 30/11/2023	Current % at 30/11/2023
Total Treasury Investments	26,182	100%	40,098	100%
Total External Borrowing	15,769	100%	15,595	100%
Total - Investments / (Borrowing)	10,413	0%	24,504	0%

Treasury investment portfolio at counterparty level:

Treasury Portfolio per Counterparty	Amount Invested £'000 31/03/2023	Amount Invested £'000 30/11/2023
Barclays Call Account	2,182	18
Barclays Green Account	5,000	5,000
Barclays Total	7,182	5,018
Standard Chartered Sustainable	5,000	0
National Bank of Canada	5,000	0
Lloyds Bank Corporate Markets (NRFB)	5,000	0
Goldman Sachs	0	7,000
National Bank of Kuwait	0	6,400
Qatar National Bank	0	1,900
Sumitomo Mitsui Banking Corp.	0	7,500
Derbyshire County Council	0	5,000
Aberdeen Liquidity - Standard Life	4,000	0
Bank of New York Mellon - Federated	0	7,280
Total Investments	26,182	40,098

The counterparty limit for Barclays is £10m. All other counterparties have a limit of £7.5m or 20% of the total portfolio (whichever is lower at the point of investment). Full

details of cash deposits are reported to O&S and Cabinet quarterly.

The council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Borrowing	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Borrowing	15,769	14,440	14,079	13,711	13,336
Total debt at 31 March	15,769	14,440	14,079	13,711	13,336
CFR	40,862	40,245	39,615	38,974	38,330
Under / (over) borrowing	25,093	25,804	25,536	25,263	24,994

Within the range of prudential indicators there are several key indicators to ensure that the council operates its activities within well-defined limits. One of these is that the council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Debt	25,000	25,000	46,000	46,000	46,000
Total debt	25,000	25,000	46,000	46,000	46,000

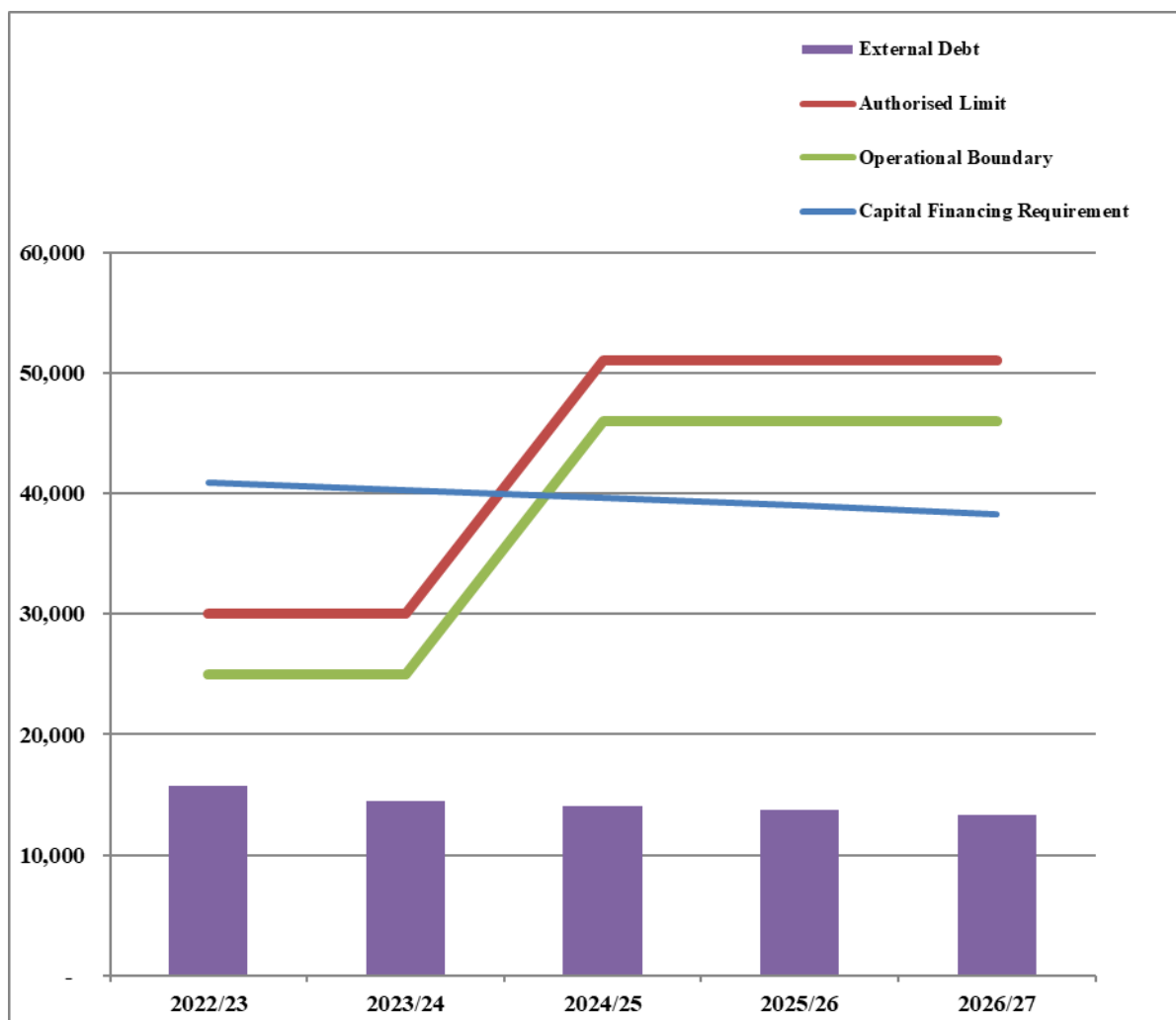
The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

Appendix I

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local council plans, or those of a specific council, although this power has not yet been exercised.
- The Council is asked to approve the following Authorised Limit:

Authorised Limit	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Debt	30,000	30,000	51,000	51,000	51,000
Total	30,000	30,000	51,000	51,000	51,000

Capital Financing Requirement	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Authorised Limit	30,000	30,000	51,000	51,000	51,000
Operational Boundary	25,000	25,000	46,000	46,000	46,000
Capital Financing Requirement	40,862	40,245	39,615	38,974	38,330
External Debt Under / (over) borrowing	15,769	14,440	14,079	13,711	13,336
Change in External Debt	25,093	25,804	25,536	25,263	24,994
	4,235	(1,329)	(361)	(368)	(376)



3.3 Prospects for Interest Rates

The council has appointed Link Group as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates. Link provided the following forecasts on 07 November 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View		07.11.23											
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Additional notes by Link on this forecast table: -

- Our central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-

inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.
- On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

Gilt yield curve movements have broadened since our last Newsflash. The short part of the curve has not moved far but the longer-end continues to reflect inflation concerns. At the time of writing there is 60 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy:

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government’s pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

We now expect the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.

Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 06.11.23 p.m.	Target borrowing rate now (end of Q3 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	5.02%	3.80%	3.90%
10 years	5.15%	3.80%	3.80%
25 years	5.61%	4.20%	4.10%
50 years	5.38%	4.00%	3.90%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has increased from 2.75% to 3% and reflects Capital Economics’ research that suggests

AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to wait for inflation, and therein gilt yields, to drop back later in 2024.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps and set out below. You will note that investment earnings have been revised somewhat higher for all years from 2025/26 as Bank Rate remains higher for longer.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.70%	4.70%
2025/26	3.20%	3.00%
2026/27	3.00%	2.80%
2027/28	3.25%	3.05%
Years 6 to 10	3.25%	3.05%
Years 10+	3.25%	3.05%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling is to be undertaken, it will be reported to the Council, at the earliest meeting following its action.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Council Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

4 Annual Investment Strategy

4.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The council’s investment policy has regard to the following: -

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The council’s investment priorities will be security first, portfolio liquidity second and then yield (return). The council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Council’s risk appetite and the Environmental, Social and Governance (ESG) credentials.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 50%.
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This Council will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This Council has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.

As a result of the change in accounting standards for 2023/24 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five

years ending 31.3.23. More recently, a further extension to the over-ride to 31.3.25 has been agreed by Government.

However, this council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year

The above criteria are unchanged from last year.

4.2 Creditworthiness policy

This council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the council to determine the suggested duration for investments. The council will, therefore, use counterparties within the following durational bands.

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the council uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored << *state how frequently* >>. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the council’s minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the council’s lending list.

Sole reliance will not be placed on the use of this external service. In addition, this council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Investment Institution	Colour (and long-term rating where applicable)	Money Limit*	Time limit
Banks	Yellow	£7.5m	5 yrs
Banks	Purple	£7.5m	2 yrs
Banks	Orange	£7.5m	1 yr
Banks – part nationalised	Blue	£7.5m	1 yr
Banks	Red	£7.5m	6 mths
Banks	Green	£7.5m	100 days

Appendix I

Limit 3 category – Authority’s banker (where “No Colour”)	XXX		1 day
Other institutions limit	-	£7.5m	1yr
DMADF	UK sovereign rating	unlimited	6 months
Local authorities	n/a	£7.5m	1yr
Housing associations	Colour bands	£7.5m	As per colour band

Investment Institution	Fund rating	Money Limit*	Time Limit
Money Market Funds CNAV	AAA	£7.5m	liquid
Money Market Funds LVNAV	AAA	£7.5m	liquid
Money Market Funds VNAV	AAA	£7.5m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark Pink / AAA	£7.5m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light Pink / AAA	£7.5m	liquid

This Money Limit relates to principal amounts invested and could be exceeded with interest received but consideration will be given to keep this to a minimum and allowable under this Strategy.

The current money limits are £7.5m or 20% of the total portfolio (whichever is the lower) at the point of investment.

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this council will not set a minimum rating for the UK.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the council has access to this information via its Link-provided Passport portal.

4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- **Non-specified treasury management investment limit.**
- a. **Country limit.** The council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits. In addition:

- limits in place above will apply to a group of companies/institutions;
- sector limits will be monitored regularly for appropriateness.
- Barclays Bank (Hart's own bank) currently have a counterparty limit of £10m due to the working capital that is held within Barclays for events such as payment runs while still providing the council with an investment return.

The security and liquidity will be assessed at the time of the transaction, as described within this Annual Investment Strategy. The Environmental, Social and Governance (ESG) assessment needs to be reliable, relevant and practical to administer when making investment decisions. Whilst it is a relatively new area, there are resources available that will help inform officers and enable them to apply the council's ESG criteria. It is proposed, wherever possible, to use this information and include within the investment transaction record. Officers have trialled the use of an online ESG info hub which gives an ESG score for potential counterparties. It is proposed that this becomes a formal stage in the investment procedure. The ESG assessment produces a score on a scale of 1-100 based on four areas; Environment, Employees, Governance, Community. It is proposed that the minimum ESG score threshold is set at 60, below which we wouldn't place an investment. Range 60-79 we would only proceed if the other criteria were met strongly. Range 80-100 would be given equal weight to yield in the overall evaluation.

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to have peaked at 5.25% in Q4 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the council will seek to utilise its business reserve instant access and notice accounts, Money Market Funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days £m	2024/25	2025/26	2026/27
Principal sums invested for longer than 365 days	£10m	£10m	£10m
Current investments as at 30/11/2023 in excess of 1 year maturing in each year	£0m	£0m	£0m

For its cash flow generated balances, the council will seek to utilise its business reserve instant access, money market funds and short-dated deposits (overnight to 100 days), in order to benefit from the compounding of interest. The current limit is £7.5m or 20% of the total portfolio (whichever is the lower) at the point of investment and for a period of up to 2 years. This level reflects much higher investment cash balances, a more limited number of counterparties meeting the Council’s high assessment levels including ESG criteria, and the need to generate yield to support the budget. These levels enable officers to secure high rated investment opportunities and achieve a higher interest rate fixed over a longer period.

4.5 End of year investment report

At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2026/27

The council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans.

5.1.1 Capital Expenditure

Please see table in Section 2.1

5.1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the council’s overall finances. The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

Ratio of financing costs to revenue stream	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Ratio of financing costs to revenue stream (%)	(0.51)	1.03	3.25	3.77	3.60

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.3 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council’s exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2024/25	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

Maturity structure of variable interest rate borrowing 2024/25	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%

10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

5.1.4. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 TREASURY MANAGEMENT PRACTICE (TMP) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. If they do not meet the criteria solely because they have an initial period of more than one year, the Council will consider them.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Investment Type	Minimum credit criteria / colour band	Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	Yellow	100%	6 months (max. is set by the DMO*)
UK Gilts	Yellow	100%	5 years
UK Treasury Bills	Yellow	100%	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	Yellow	£5m	5 years
Money Market Funds CNAV	AAA	100%	Liquid

Money Market Funds LNAV	AAA	£5m	Liquid
Money Market Funds VNAV	AAA	£5m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid
Local Authorities	Yellow	100%	5 years
Term Deposits with Housing Associations	Blue Orange Red Green No Colour	£7.5m**	12 months 12 months 6 months 100 days Not for use
Term Deposits with Banks and Building Societies	Blue Orange Red Green No Colour	£7.5m**	24 months 12 months 6 months 100 days Not for use
CDs or Corporate Bonds with Banks and Building Societies	Blue Orange Red Green No Colour	£7.5m**	12 months 12 months 6 months 100 days Not for use
Gilt Funds	UK sovereign rating	£5m	

* DMO – is the Debt Management Office of HM Treasury

**Or 20% of total investment balance at the time of the transaction, whichever is the lower

5.3 Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

5.4 Link list of approved countries for investments (as at 30.11.2023)

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France
- Qatar
- U.K.

5.3 Treasury Management Scheme of Delegation

The bodies responsible for various functions are as follows:

Council

- receiving and reviewing reports on treasury management policies, practices, and activities.
- approval of annual strategy.

Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- budget consideration and approval.

- approval of the division of responsibilities.
- receiving and reviewing regular monitoring reports and acting on recommendations.
- approving the selection of external service providers and agreeing terms of appointment.

Overview & Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.4 The Treasury Management Role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports.
- submitting budgets and budget variations.
- receiving and reviewing management information reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit, and liaising with external audit.
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe (*say 20+ years – to be determined in accordance with local priorities.*)
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the council.
- ensure that the council has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- ensuring the proportionality of all investments so that the council does not undertake a level of investing which exposes the council to an excessive level of risk compared to its financial resources.
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.

- ensuring that members are adequately informed and understand the risk exposures taken on by the council.
- ensuring that the council has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
 - *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
 - *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

5.5. Minimum Revenue Provision (MRP) for Debt Repayment

In accordance with the Local Authorities (Capital Finance and Accounting) (England) regulations 2003, the council is required to pay off an element of accumulated General Fund capital expenditure financed from borrowing through an annual revenue charge known as the Minimum Revenue Provision (MRP).

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) regulations 2008 require the council to determine a level of MRP it considers to be prudent, whilst having regard to the current MRP Guidance issued by MHCLG (now renamed DLUHC) in 2018. The Guidance gives four ready-made options for determining MRP which it considers to be prudent but does not rule out alternative approaches.

The overriding requirement of the Guidance is to set a prudent provision which ensures that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The Guidance requires that before the start of each financial year the council prepares a statement of its policy on making MRP in respect of the forthcoming financial year and submits it to full Council for approval.

The Guidance allows the council to change the MRP policy at any time during the year.

The Government has recently consulted on changes to the MRP regulations with an intention to make explicit that (i) capital receipts may not be used in place of the revenue charge, and (ii) there should be no intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Following the consultation, the government issued a further survey seeking views on further proposed amendments to the MRP regulations that would provide additional flexibilities with respect to capital loans.

5.5.1 Method for calculating MRP.

The Council recently changed to an annuity method over the asset life, having the benefit of a reduction in MRP charges in the near term in line with the MRP guidance.

An annuity method is as prudent as the straight-line method since the asset lives used have not changed. It can be argued that the annuity method provides a fairer charge than the straight-line method since it results in a consistent charge over the asset's life, considering the time value of money.

Link have carried out extensive research on current MRP policies in England and have observed that the annuity method of calculating MRP on unsupported borrowing is used by over 50% of Authorities throughout the country.

Main advantages of the annuity in method:

- The annuity method of charging MRP can be seen as a more prudent basis for providing for capital expenditure which provides a steady flow of benefits over their useful life.
- It can provide a fairer charge than a straight-line methodology as it provides a consistent charge over an asset's life when considering the time value of money.
- It provides a charge that is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years.
- A weighted average method of calculation is a much simpler calculation than the current method, providing for more concise and user-friendly working papers.

Main disadvantages of the annuity in method:

- The Capital Financing Requirement in the short-term reduces more slowly than under the straight-line MRP policy. The potential associated cost will depend on the council's Balance Sheet position.

The MRP guidance allows the council to review its MRP policy every year and set a policy that it considers prudent at that time. The impact of the MRP calculation methodology will be kept under regular review to ensure that the annual provision is prudent.

1. Hart District Council - Draft Capital Strategy

1. Purpose and Aims

- 1.1. The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2021. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.
- 1.2. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.
- 1.3. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.
- 1.4. The Prudential Code sets out that to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The strategy is designed to fully comply with the Prudential Code of Practice for local authority capital investment by the Chartered Institute of Public Finance and Accountancy (CIPFA) in parallel with guidance to local authorities from the Government.

2. Strategic Context for Capital Strategy

- 2.1. The Council approved its “Vision 2040” in September 2019, which sets out a clear direction for the district.
- 2.2. “Vision 2040” is structured around three vision statements:

Become THE place to live – creating a connected space that:

- Gives local people a real sense of community, providing a strong narrative on the strengths of the district including our heritage, environment and culture
- Improves affordability of homes, so families can stay close together and so key workers can afford to live in Hart and help our communities flourish
- Ensures work, education, health and other facilities are easily reachable through effective road and rail transport links

Become THE place to work – helping our local economy to thrive through:

- Developing the skills we need for the future by delivering a higher/further education campus within the district, working with local educational providers, with a technological focus
- Helping our micro/small businesses grow and our residents to work flexibly, with

- casual office space providing high speed internet
- Reducing the impact of climate change by building in sustainability and using new technologies to mitigate the impact of climate change

Become THE place to enjoy – enhancing our environment and health through:

- Creation of green corridors between all settlements to encourage sustainable healthy transport and provide cycles for hire to enable movement
- Enhancing our leisure provision e.g. new country parks delivering improved facilities, and through promotion of culture and heritage in the district e.g. through events
- Working with existing public sector sports facilities providers in the district to create an improved/co-ordinated health offer for our residents

2.3 The vision will be delivered by changing the way the Council is run. A new operating model will include:

- Developing a new business model for the Council
- Creating welcoming services that are inclusive and engaging
- Developing our staff, training and empowering them to innovate
- Creating efficient services available 24/7
- Building in financial resilience from commercialization
- Developing partnerships to enable delivery

Corporate Plan 2023-27

2.4 The adopted Corporate Plan 2023 – 2027 is the medium-term strategic policy document which sets out the general direction, key priorities and activities for the Council and informs the use of its resources.

2.5 The revised Corporate Plan was approved by Council in February 2023 following a public consultation. The main themes and priorities set out are:

- Planet - Sustainability and Climate Emergency: A carbon neutral and climate resilient council by 2035
- People - fair treatment for all, help for those in need, and a sustainable economy that makes Hart a great place to live and work
- Place - delivering warmer, better homes in sustainable locations that people can afford to live in
- Delivered by a resilient and financially sound Council - Your services: getting it right first time and delivering what matters to you

2.6 To help the Council deliver “Vision 2040” and the Corporate Plan it is essential that necessary long term fixed assets continue to be made available. The provision of long-term assets is further defined as being capital expenditure.

3 What is Capital Expenditure

3.1 An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential framework. Unless expenditure qualifies as capital it will normally fall outside the scope of the framework and be charged to revenue in the period that the expenditure is incurred. If

expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years’ revenues.

3.2 There are three ways in which expenditure can qualify as capital under the framework:

- The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible). Enhancement is where the capital expenditure substantially lengthens the useful life, increases the value or increases the extent to which the asset can be used to support the functions of the Council.
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

The Council has a number of projects that fall outside of the ongoing operational services but do not meet all of the capital criteria. These are often included in the Capital Programme and are therefore the principles of this capital strategy apply.

4. Capital Investment Objectives

4.1 In November 2020 the Government implemented new restrictions on borrowing to ensure that councils are not buying investment assets (land or buildings) primarily for a yield. The Council should not have any proposals to invest primarily for yield in its Capital Programme over a 3-year period, nor can it finance such investments from other sources as an alternative to PWLB borrowing, otherwise the Council will have to pay back any PWLB borrowing taken out during the year and may be prevented from accessing PWLB in the future.

The key objectives of capital investment are to:

- **Support service delivery** in line with the Council’s strategic objectives including enhancing Hart’s digital offer to customers.
- **Support regeneration, economic development and affordable housing provision** working in partnership with other organisations where necessary and attracting external funding where possible.
- **Implementation of the Climate Change Strategy.** The Council has a target to achieve its net zero-carbon target. It will achieve this through various measures and an action plan will be developed early in 2023.
- **Supporting local communities.** Working with partners and utilising external funding where possible, including SANG and S106 funding.
- **Supporting healthy and independent lives.** The ongoing use of Disabled Facility Grants as part of the Improved Better Care Fund will be instrumental in this.
- **Facilitate the generation of income.** From existing commercial assets or service-based assets capable of generating income.
- **Enhance value for money** by helping to reduce or avoid costs and future liabilities.

Based on the above objectives it is envisaged that capital investment will fall into four main categories:

- Assets owned by the Council to support the direct delivery of services by the Council itself.
- Assets owned by the Council to support the delivery of services by third parties where there is a strategic need/advantage in continuing to own the assets.
- Assets held for the purposes of regeneration or economic development.
- Assets currently held for a financial return to support the financial resilience of the Council.

In addition, the Council may on occasions make capital investments in assets owned by third parties, where doing so facilitates the delivery of Council objectives, or legislative requirements.

The Council will comply with paragraph 51 of the Prudential Code, in relation to any new investments for commercial purposes, and will not borrow to invest primarily for yield.

5 Approach to Capital Investment

5.1 Hart District Council's approach to capital investment aims to ensure that:

- Capital expenditure contributes to the achievement of the strategic plan.
- An affordable and sustainable capital programme is delivered.
- Value for money is achieved.
- A clear framework for making capital expenditure decisions is provided.
- A corporate approach to generating capital resources is established.
- Sufficient long-term assets to provide services are acquired and retained.
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged.
- An appraisal and prioritisation process for new schemes is robust including appropriate due diligence and external expert advice.
- Effective governance is in place for projects

6 Governance Arrangements

6.1 The Authority's constitution and Financial Regulations govern the capital programme as set out below:

- All schemes are formally approved into the capital programme by following a process as set out in the financial regulations.
- All capital expenditure must be carried out in accordance with the Financial Regulations and the Council's Constitution.
- The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme.
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- Each scheme must be under the control of a responsible person/project manager.

- Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally incorporated into the capital programme.
- Capital expenditure on Commercial projects may be approved subject to specific Cabinet approval supported by a business case and appropriate property and legal advice.

7 Capital Funding

7.1 Hart District Council's Capital Programme is funded from a mix of sources including:

Grant Funding - often specifically for capital purposes and also often from central government, but they may come from, or through, other agencies.

Capital Receipts - receipts arising from the disposal of existing assets are constrained to only be useable for the purposes of funding new assets. Such funds when generated are held in a Capital Receipts Reserve until such time as used.

Developer Contributions - S106 agreements including SANG receipts. S106 agreements tend to relate to specific capital investment projects, but where it is more generic, the Council will use this funding to meet its capital investment priorities where these satisfy the conditions of the s106 agreement.

Partner Contributions - some projects may be jointly funded between the Council and other agencies including other councils.

Prudential Borrowing - the Council is able to borrow internally or externally in order to fund its capital expenditure provided that the revenue financing costs of such borrowing are affordable and sustainable. Prudential borrowing will be considered as a source of capital funding in accordance with the Government's guidelines and with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities.

Revenue Contributions to Capital - the Council is able to use its revenue resources to fund its capital expenditure.

Use of Earmarked Reserves – where resources have been approved by Council for a specific purpose

Leasing - specialised form of borrowing linked directly to the rental of an asset.

7.2 The choice of funding for the capital programme and projects within it will depend upon the overall availability of resources and any constraints applicable to particular sources. Wherever possible external resources such as partner contributions, or grants will be the first preference for funding projects. Borrowing, internal or external, will be the second choice of funding but will only be used where there is a business case. Using the Council's own resources (capital receipts and revenue contributions) will be used where available and affordable and where other funding sources are not available.

8 Capital Risks

8.1 The Council will have due regard to risk when considering capital investment and will determine its risk appetite on a case-by-case basis according to the specific circumstances of the investment proposal. The following are the key capital risks associated with the Council's capital strategy:

- Cost Inflation – Reducing real terms value of capital budgets
- Availability of materials and labour – affecting delivery times and tender prices
- Capital Maintenance – Deterioration of assets if insufficient maintenance. Condition surveys are important to aid revenue budgeting and capital investment plans
- Availability of external funding – ensuring the Council spots opportunities and responds quickly
- Project management skills and capacity – for the production of bids an ongoing management and delivery
- Capital Slippage – If capital expenditure isn't profiled accurately then there is the risk of significant underspend against the programme which delays benefits and ties up resources
- Interest Rate Increases – Affecting viability of schemes.

ECONOMIC BACKGROUND

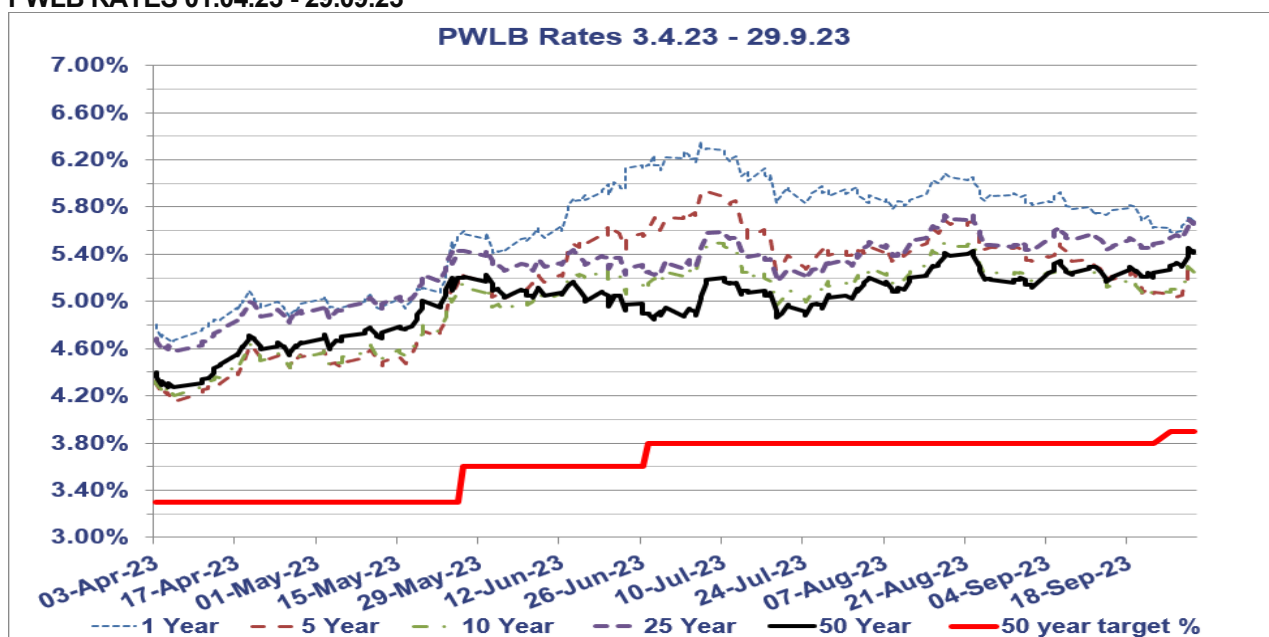
- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant

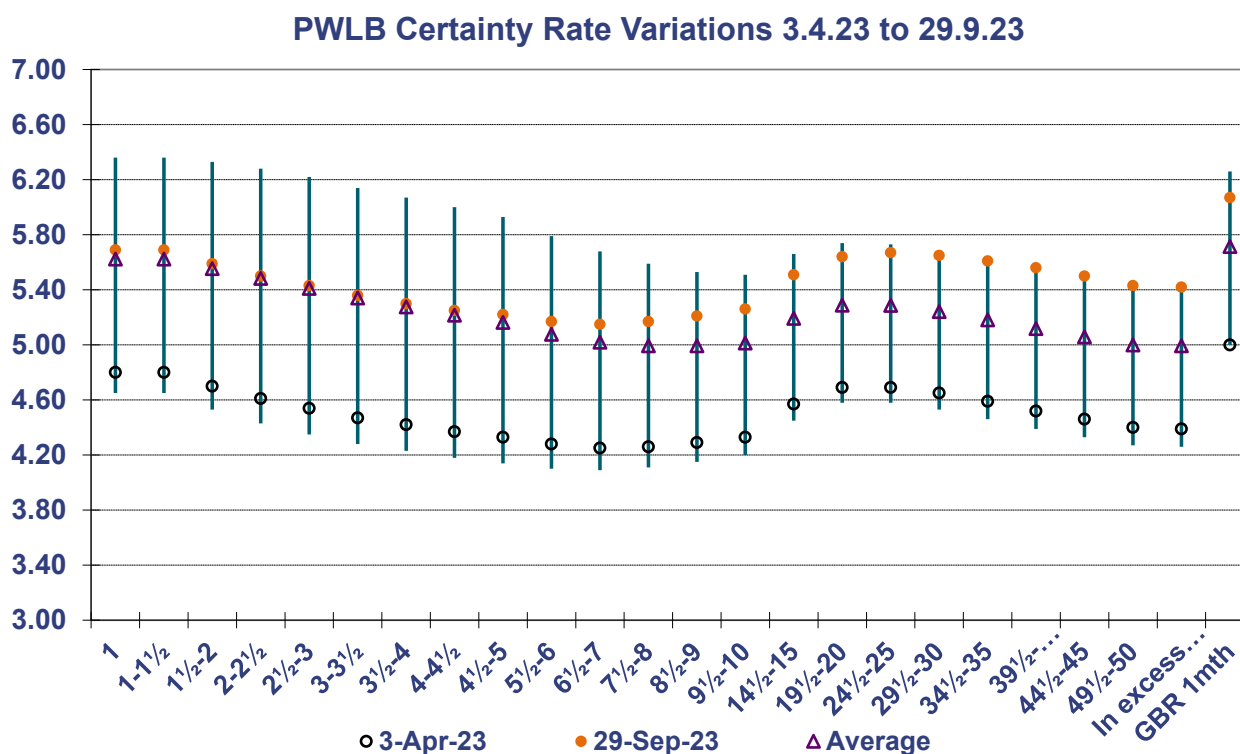
UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England’s closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England’s prediction was for private sector wage growth to fall to 6.9% in September.

- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that “further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures”, citing the rise in global bond yields and the upside risks to inflation from “energy prices given events in the Middle East”. So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be “sufficiently restrictive for sufficiently long” and that the “MPC’s projections indicate that monetary policy is likely to need to be restrictive for an extended period of time”. Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23





HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

CABINET

DATE OF MEETING: 1 FEBRUARY 2024

TITLE OF REPORT: UK SHARED PROSPERITY FUND – LEVELLING UP

Report of: Chief Executive

Cabinet Portfolio: Leader of the Council

Key Decision: Yes

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. Hart District Council (HDC) has been granted £1million through the Government's UK Shared Prosperity Fund (UKSPF) to fund projects identified in HDC's Local Investment Plan (LIP). This report provides details of the Community Hub and Young Persons projects to be delivered in 2024 and provides an update on the programme to date.

RECOMMENDATION

That Cabinet agrees:

- To approve the Community Hub and Young Persons Engagement applications recommended to be delivered in 2024
- To approve the revised financial plan in **Appendix 1** which includes all changes since Cabinet last approved the plan in March 2023 and reflects the officer recommended grant amounts in this report.
- To approve the revised Programme Plan in **Appendix 2**

BACKGROUND

2. In March, Cabinet approved the UKSPF spending proposals for 2022/23 and 2023/24 which are in line with the approved Local Investment Plan (LIP) and the Government's prescribed funding profile over the three years.
3. One of the approved projects, the Data Mining review, has now been completed. The data mining project aimed to better understand hidden need within the district by analysing the national datasets/statistics and therefore enable the Council and our local stakeholders to target support to maximum its impact.
4. The results of the Data Mining review have also helped to inform two other UKSPF projects, Community Hub and Young Persons Engagement.
5. In October, the Council launched an Expression of Interest followed up in November with an open bidding round for applications for projects:
 - to support the development and enhancement of local spaces where communities can come together to connect and access activities and support and/or
 - to help increase access to a range of education, skills and training opportunities for young people
6. The bidding process was publicised across the whole district and officers engaged with community organisations and town and parish councils before and during the process. At the bidding deadline, 30 applications had been submitted in total. The Council has now reviewed all applications using the published scoring criteria (attached at **Appendix 3**) and a summary of each

application along with their overall score is attached at **Appendix 4**. Details of the projects recommended to proceed with are listed below.

MAIN ISSUES

Data Mining Review

7. A comprehensive data mining exercise was undertaken using publicly available data sets. Sources included Office of National Statistics (ONS) data from the 2021 census, Hampshire County Council Joint Strategic Needs Assessment and Citizens Advice Hart. The aim of the data mining review was to look at variation within the district, to better understand community needs and inequalities across Hart, but not to compare Hart against other local authority areas. Regional or national comparison data is not provided in the report unless considered important for understanding the picture within Hart.
8. Whilst Hart is an affluent district, there are pockets of deprivation and need. The ONS Index of Multiple Deprivation (IMD) provides a good overview of the pockets of deprivation and need in the district. The IMD provides a measure of living environment and access to resources, as well as income, employment, education, skills and training, health and crime. Hart has three areas which score more highly on the ONS indices than the rest of the district. These are Yateley East/Blackwater and Hawley, the Bramshill/Hound Green area and areas south of Church Crookham. Other data sets build on, or provide supporting evidence to, the IMD to create a detailed narrative of community needs and inequalities.
9. The Data Mining review has been used to inform the criteria against which Community Hub and Young Persons Engagement applications have been assessed.
10. It should be noted that the Data Mining review will be completed under the approved budget. It is proposed that the savings be allocated to the Community Hub and Young Persons Engagement projects identified below, see paragraph 36

Community Hub and Young Persons Engagement projects

11. 30 applications were submitted in November during the open bidding round - 19 applications related to Community Hub projects and 11 applications to Young Persons Engagement projects. A summary of each application along with their overall score is attached at **Appendix 4**.
12. It is recommended that based on the applications received, that the following projects and associated budgets are approved:

Project	Application	Amount
Community Hub applications	Citizens Advice - Enhancing Inclusive Community Hubs	£37,000
	Church Crookham Parish Council - Access to Athletics	£14,771
	Ewshot Village Hall - Access For All	£5,874

	Frogmore and Darby Green Community Hub (at St Barnabas Church, Darby Green)	£229,157
	Hawley Leisure Centre - Improvements	£16,313
	St.Peter's Church - Fully Accessible W.C.	£20,000
	Yateley Men's Shed - Extension Project	£11,000
	Yateley School Wellbeing and Community Hub	£150,000*
Total		£484,115
Young Persons Engagement applications	Fleet Phoenix - Open Door Extra	£8,580
	Inclusion Hampshire - Inclusion EB8	£63,643
	MOD - Knowing me knowing you	£8,700
	Hook Parish Council - Pilot youth work project in Hook to re-start youth provision	£20,840
	Vision for Youth - Blackwater Youth Club (@ St Barnabas Church)	£4,915
	Yateley Industries - Job Coach Service	£18,957
	Yateley School Wellbeing and Community Hub	£80,000*
Total		£205,635

* Reduction in amount requested. It is recommended that all applications received the full amount requested with the exception of the Yateley School's applications (1 x Community Hubs and 1 x Young Persons Engagement). It is proposed to give Yateley School a combined grant of £230,000, which is £60,000 less than they requested. Yateley School have confirmed that with the reduction they can still provide the majority of the services proposed in their application.

13. Some of the applications identified above are new schemes and would use the UKSPF as start-up revenue funding, to get the scheme up and running and to pilot it for the duration of the funding timetable. If successful, the majority of applicants have said that they would then seek external funding to continue the scheme. This process is widely used by stakeholders, given their charity status and associated funding streams.
14. The Council has assisted applicants throughout the process and intends to work with unsuccessful applicants to assist them where possible to seek funding from other sources. Other sources could include other funds available to the Council such as S106 contributions.

Programme Update

15. An updated high-level financial and programme plan for the delivery of the LIP is attached at **Appendix 1** and **Appendix 2** respectively.
16. In line with the funding profile of the grant, the focus in 2023/24 was project planning and strategy, with implementation in 2024/25.

Communities and Places Projects

17. An update on the Data Mining, Community Hub and Young Persons Engagement projects have been provided above.
18. In terms of progressing the Development of the Green Grid Framework, the LCWIP will be considered by Cabinet in early 2024. The UKSPF allocation for 2024/25 could then be used to fund a feasibility study for a route identified in the LCWIP. It is envisaged that the route would be one of those identified in the LCWIP as having a higher priority. Selection of the route will be identified when the LCWIP is considered by Cabinet next year.

Supporting Local Business Projects

19. Rushmoor Borough Council (RBC) and HDC have drafted and are in the process of signing a S117 agreement for work to begin on the projects at the beginning of 2024.
20. The details of the workplan are highlighted in the programme plan attached at **Appendix 2**.

OVERVIEW AND SCRUTINY COMMITTEE COMMENTS

21. The O&S Committee considered this report at its meeting on 16 January 2024 and asked a number of questions and raised some concerns.
22. O&S discussed the scoring criteria and raised concerns with the process. Officers confirmed that an officer panel reviewed and scored the applications. The results of the Data Mining review helped to inform officers when scoring against a number of the criteria. The officer panel scoring (full scores) have been provided to applicants and councillors when requested. In the light of the concerns raised by O&S Committee, the scoring process has been subject to an assurance check by an officer independent of the officer panel. This review has concluded that the scoring process was appropriate, and the scores have been applied consistently and fairly against the pre-set criteria.
23. O&S queried whether match funding should have been a criterion for scoring applications. The UKSPF guidelines state:

Match funding will not be required to unlock an area's allocation. This provides flexibility, reduces bureaucracy and empowers lead local authorities to tailor their approach to local circumstances.

The sourcing of match funding/leverage will not be a factor in the assessment of each place's investment plan.

Although match funding is not required and will not form part of the investment plan assessment criteria, in England, Scotland and Wales, all lead local authorities are strongly encouraged to consider match funding from the private, public and third sectors and leverage options when selecting communities and place and supporting local business interventions to fund. This will maximise the value for money and impact of the Fund.

24. Stakeholders at the Here for Hart forum in June raised concerns that many local organisations may struggle to provide match funding. To encourage as many applicants to submit applications as possible, match funding was not selected as a scoring criterion. Match funding was however identified on the application forms and applicants were asked if they were able to provide any match funding to maximise the value for money and impact of the fund.
25. O&S questioned where the information regarding 'reach' came from. Officers confirmed this information was taken directly from the application forms as provided by the applicants.
26. O&S discussed whether decreasing funding to the Community Hub project was desirable. In light of the O&S comments and in light of both projects being oversubscribed, the project team have reviewed the overall programme budget allocations and have proposed a revised 2024/25 budget – Please see **Appendix 1** - This budget now provides a contingency of £30k to increase the flexibility in the use of the fund.
27. O&S also queried whether the promotion of the fund was sufficient and district-wide. The Council undertook both an Expression of Interest (EOI) and full application bidding round to give potential applicants from all areas of the district the maximum time to refine their applications. The EOI round was opened in mid-September and closed in October and the full application round was open for a month in November. Promotion of both opportunities were extensive, utilising multiple channels available to the Council including social media and Councillor Connect. Here for Hart members and Town and Parish Councils also were also notified by email, with reminders sent.
28. The Council has assisted applicants throughout the process. As stated at paragraph 16, the Council intends to work with unsuccessful applicants, including the town and parish councils, to assist them where possible to seek funding from other sources.
29. Please see O&S minutes for further details of the discussion and questions asked and answers provided.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

30. With regards to approving the list of recommended applications associated with the Community Hub and Young Persons Engagement projects, an alternative option would be to approve a different selection. As highlighted above, the applications were scored against published criteria. If Cabinet chose alternative applications, justification for the selection against the criteria would need to be provided alongside the decision.

CORPORATE GOVERNANCE CONSIDERATIONS

31. The proposed projects align with the Corporate Plan and the Hart Vision 2040 as identified in earlier Cabinet reports.

Service Plan

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? No, funded from external funding
- Have staffing resources already been identified and set aside for this proposal?
Yes

Legal and Constitutional Issues

32. The Council will need to adhere to the rules and guidance set out for the UKSPF.
33. In accordance with HDC's approved LIP, the Here for Hart forum will act as an advisory panel and the Council's Project Board will provide corporate oversight of the programme.
34. The programme will be subject to the Council's usual Overview & Scrutiny and Cabinet procedures. Key decisions, including the scope, finance and resourcing, will require Cabinet approval.

Financial and Resource Implications

35. £1 million for capital and revenue funding will be provided by the Government, plus £20k for admin. This funding is staged over the three-year period as follows:
 - a. 2022/23 - £39,708
 - b. 2023/24 - £79,417
 - c. 2024/25 - £880,875
36. The financial plan attached as **Appendix 1** provides a high-level breakdown of the spend over the three-year period for each of the projects. The 2022/23 allocation has been defrayed. The majority of the 2023/24 allocation is on track to be spent by the end of the financial year. Any underspend will be moved into the 2024/25 budget (subject to consent from DLUHC). The Financial Plan also provides the spend plan for 2024/25. All of the necessary adjustments to the financial plan across spending heads, since Cabinet approved the original plan in March 2023, are included in the revised plan at Appendix 1. The plan also includes the total officer-suggested funding for the two bid programmes as set out in paragraph 12 of this report. This realignment process, which reflects savings achieved in staff resource, has resulted in a contingency showing in 2024/25 which is currently unallocated. This budget could be used to top up the funding available to allocate to community hub or young person engagement projects.
37. Project Management costs are budgeted at £82,450. Having shortlisted the applications, the resource required to support our partners to deliver the schemes is easier to estimate. The team is confident that this can be achieved with one senior project manager, without the need for an additional role.

Risk Management

38. Each project will have a project plan, risk assessment and Integrated Impact Assessment to ensure suitable management of the project. Each contribution to a partner organisation will have a funding agreement signed which sets out the conditions of funding including deliverables, outcomes, timescales and communication/publicity requirements.
39. Whilst unlikely, there is a risk that the Government may change or cancel the indicative funding allocation in 2024/25. Hart will not incur new expenditure in 24/25 until the funding is confirmed and, wherever possible, it will aim to be flexible with its delivery and admin costs.
40. There is a risk that the council will need to provide legacy resource and/or costs to continue to support the community projects beyond 2024/25 if they are

not self-sustaining. Applicants have been asked to explain how projects will be funded after the end of the funding timetable. This information has helped to inform the selection of applications recommended above, with those applicants identifying clear plans for future funding (where required) scoring higher than those without.

EQUALITIES

41. Equalities impact assessments will need to be carried out for all projects.

CLIMATE CHANGE IMPLICATIONS

42. Many of the projects identified will have positive roles in delivering the Council's carbon reduction targets, for example by providing services in walking and cycling distance of residents or to progress sustainable travel opportunities in the district. The climate change implications will be assessed for any successful projects.

ACTION

43. Subject to the decision of Cabinet, Hart District Council will progress work associated with implementing the local investment plan.

Contact Details: Christine Tetlow (Christine.tetlow@hart.gov.uk)

Appendices

Appendix 1: Financial Plan

Appendix 2: Programme Plan

Appendix 3: Scoring criteria

Appendix 4: Details of Community Hub and Young Persons Engagement applications

Programme Name	UK Shared Prosperity Fund			Cost Centre	Funding Sources	DLUHC Grant	Programme Manager	Christine Tetlow			
				HAHSPF							
Date: January 2024	Budget			Expenditure and Profile						Totals and Differences	
Works / Budget Description	Original Budget £	Updates £	Working budget £	Year 1 Actual Expenditure 22/23 £	Year 1 Planned Expenditure 22/23 £	Year 2 Planned Expenditure 23/24 £	Year 2 Actual to date 23/24 £	Year 2 Committed Expenditure 23/24 £	Year 3 Projected Expenditure 24/25 £	Total Expenditure (incl. Commitments) £	Difference to Budget (+ = Overspend / (underspend)) £
Expenditure (generally positive figures)											
Capital Works											
Community & Neighbourhood Infrastructure Projects - Capital	190,500	0	190,500			14,300	14,067		484,115	498,182	307,682
Revenue Works											
Communities and Place											
Community & Neighbourhood Infrastructure Projects - Revenue	436,700	(82,450)	354,250						0	0	(354,250)
Community & Neighbourhood Infrastructure Projects - Project management	0	82,450	82,450					5,530	40,440	45,970	(36,480)
Impactful volunteering and/or social action projects	123,600	0	123,600						205,635	205,635	82,035
Relevant feasibility studies - Green Grid	47,000	0	47,000	10,707	10,700	18,000		18,000	18,300	47,007	7
Relevant feasibility studies - Data Mining	57,600	0	57,600			41,000	10,931	3,350	0	14,281	(43,319)
Supporting Local Business											
Business support measures to drive employment growth	66,600	0	66,600			10,000		9,580	48,356	57,936	(8,664)
Support relevant feasibility studies	38,000	0	38,000			0			37,000	37,000	(1,000)
Contingency	0	0	0						30,000	30,000	30,000
Administration (including £20k - Investment Plan)	60,000	0	60,000	45,128	45,000	0			14,872	60,000	0
Total Expenditure	1,020,000	0	1,020,000	55,835	55,700	83,300	24,998	36,460	878,718	996,011	(23,989)
Funding (negative value)											
DLUHC Grant - Capital	190,470	0	190,470		(3,971)	(10,325)	(14,296)		(176,175)	(190,471)	(1)
DLUHC Grant - Revenue	829,530	0	829,530	(55,708)	(35,737)	(69,093)	(69,121)		(704,700)	(829,529)	1
									0	0	0
Total Programme Funding	1,020,000	0	1,020,000	(55,708)	(39,708)	(79,418)	(83,417)	0	(880,875)	(1,020,000)	0

UKSPF Programme Plan

Dec-22 Jan-23 Feb-23 Mar-23 Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25

Project	Tasks/Sub Tasks	Progress	Start	End
Feasibility Study - Green Grid	Commission and draft Signage Strategy for the Green Grid	100%	Apr-22	Oct-22
Feasibility Study - Green Grid	Commission and draft LCWIP	95%	Aug-22	Mar-24
Feasibility Study - Green Grid	Adoption of the LCWIP	0%	Mar-24	Mar-24
Feasibility Study - Green Grid	Identification of the cycle route to undertake a detailed feasibility study	0%	Apr-24	Jun-24
Feasibility Study - Green Grid	Commission and draft detailed feasibility study	0%	Jul-24	Mar-25
Feasibility Study - Data Mining	Develop the Job Specification for Data Mining Resource	100%	Feb-23	Mar-23
Feasibility Study - Data Mining	Recruit Data Mining Resource	100%	Apr-23	Jun-23
Feasibility Study - Data Mining	Baseline data and GDPR review	100%	Jun-23	Sep-23
Feasibility Study - Data Mining	Here for Hart Working Group Collaboration initial scope of plan	100%	Jun-23	Jun-23
Feasibility Study - Data Mining	Here for Hart Workshop to discuss areas and requirements for potential Community Hubs. Attendees from Parish Councils and local charity groups (20th June)	100%	Jun-23	Jun-23
Feasibility Study - Data Mining	Working with key stakeholders, draft Data Mining work plan	100%	Jul-23	Aug-23
Feasibility Study - Data Mining	Carry out Data Mining work plan. Data mining 6-month contract include Surveys, Census Data Mining and close collaborative working with Parish clerks and local charity organisations	100%	Jul-23	Dec-23
Feasibility Study - Data Mining	Information evening for Hart Councillors and Town & Parish Councillors	100%	Oct-23	Oct-23
Feasibility Study - Data Mining	Output of Data Mining findings. Recommendation and evaluation of data findings.	90%	Dec-23	Jan-24
Feasibility Study - Data Mining	EOI for Community Hubs and Young Persons Engagement projects	100%	Oct-23	Oct-23
Feasibility Study - Data Mining	Full application submission for Community Hubs and Young Persons Engagement projects	100%	Nov-23	Nov-23
Feasibility Study - Data Mining	Review of all application submissions for Community Hubs and Young Persons Engagement projects	100%	Dec-23	Dec-23
Feasibility Study - Data Mining	Selection of Community Hubs and Young Persons Engagement projects to be delivered (O&S/Cabinet)	0%	Jan-24	Feb-24
Community Hubs	Identification 'oven ready' Community Hub projects (for 2023/24)	100%	Jun-23	Jul-23
Community Hubs	Procurement of 'oven ready' Community Hub projects by partner organisations (for 2023/24)	100%	Jul-23	Sep-23
Community Hubs	Develop the Job Specifications for Project Managers	100%	Sep-23	Sep-23
Community Hubs	Equality Impact Assessment and Health & Safety checks of 'oven ready' Community Hub projects (for 2023/24)	100%	Sep-23	Oct-23
Community Hubs	Baseline of 'oven ready' Community Hub projects (for 2023/24)	100%	Sep-23	Oct-23
Community Hubs	Allocation of funding for 'oven ready' Community Hub projects	100%	Oct-23	Oct-23
Community Hubs	Recruit Project Manager	100%	Oct-23	Nov-23
Community Hubs	Working with key stakeholders, implement 'oven ready' Community Hub projects	50%	Nov-23	Jan-24
Community Hubs	Evaluation of 'oven ready' Community Hub projects	0%	Jan-24	Mar-24
Community Hubs	Equality Impact Assessment and Health & Safety checks for Community Hub projects (for 2024/25 spend)	0%	Jan-24	Mar-24
Community Hubs	Baseline for Community Hub projects (for 2024/25)	0%	Feb-24	Mar-24
Community Hubs	Procurement for Community Hub projects by partner organisations (for 2024/25)	0%	Feb-24	Mar-24
Community Hubs	Allocation of funding for Community Hub projects (for 2024/25) - Set up payment run in advance of Easter Monday (1st April)	0%	Feb-24	Mar-24
Community Hubs	Working with key stakeholders, implement Community Hub projects (for 2024/25)	0%	Feb-24	Dec-24
Community Hubs	Progress update to O&S/Cabinet	0%	Sep-24	Sep-24
Community Hubs	Evaluation of Community Hub projects (for 2024/25)	0%	Jan-25	Mar-25
Young Persons Engagement	Finalise PID/Project Board	0%	Jan-24	Mar-24
Young Persons Engagement	Allocation of funding for Young Persons Engagement Activities	0%	Feb-24	Mar-24
Young Persons Engagement	Deliver Young Persons Engagement Activities	0%	Mar-24	Jan-25
Young Persons Engagement	Evaluation of Young Persons Engagement Activities	0%	Feb-25	Mar-25
Supporting Local Businesses	Arrange external resource to undertake Supporting Local Businesses projects, including project governance and terms of engagement	100%	Apr-23	Dec-23
Supporting Local Businesses	Second Economic Development Officer to Hart	0%	Jan-24	Mar-25
Attracting Investment	Business engagement benchmarking exercise	0%	Feb-24	Feb-24
Attracting Investment	Stakeholder management/ project plans developed	0%	Feb-24	Mar-24
Attracting Investment	EDO - delivery of business engagement project plan	0%	Apr-24	Mar-25
Attracting Investment	Ad hoc - business engagement events	0%	Apr-24	Mar-25
Attracting Investment	Communications, marketing activity and direct business engagement	0%	Apr-24	Mar-25
Attracting Investment	Project Evaluation	0%	Feb-25	Mar-25
Feasibility Study - Economic Development Strategy	Scope Hart economic profile report	0%	Feb-24	Mar-24
Feasibility Study - Economic Development Strategy	Procurement of Hart economic profile report	0%	Mar-24	Apr-24
Feasibility Study - Economic Development Strategy	Delivery of economic profile commission	0%	Apr-24	May-24
Feasibility Study - Economic Development Strategy	Consultation on economic profile report/ emerging themes	0%	May-24	Jul-24
Feasibility Study - Economic Development Strategy	Engage key stakeholders on emerging themes	0%	Jun-24	Jul-24
Feasibility Study - Economic Development Strategy	Procure economic strategy	0%	Jul-24	Sep-24
Feasibility Study - Economic Development Strategy	Delivery of economic strategy	0%	Sep-24	Nov-24
Feasibility Study - Economic Development Strategy	HDC sign off process	0%	Dec-24	Jan-25
Feasibility Study - Economic Development Strategy	Project Evaluation	0%	Feb-25	Mar-25

Page 121

UK SPF Eligibility

Criteria
The project will benefit Hart residents
The applicant is not: An individual A sole trader An organisation which aims to distribute a profit
It is a requirement of the UKSPF, that the applicant is not a group promoting a particular religious or political belief or activity, unless they are a faith-based organisation whose project benefits the wider community and the focus is not religious content.
The organisation has an appropriate governing committee, board or equivalent arrangement in place
The organisation is based in the UK
The applicant is an appropriately constituted organisation with a bank account in the name of the organisation
The applicant is not asking for funding to cover VAT which they can reclaim
The applicant is not asking for funds to cover contingencies and contingent liabilities
The applicant is not asking for funding for redecoration or maintenance
The applicant has not already secured full funding and/or has already commenced the project
The applicant is not asking for funding for works or activities which the lead local authority, project deliverer, end beneficiary, or any member of their partnership has a statutory duty to undertake, or that are fully funded by other sources
The project will be completed at the latest by 31st December 2024. [We recognise that some projects/services may continue beyond this date, but the UKSPF funded element must be completed by this date so that all receipts can be provided in January 2025 and must be capable of being evaluated by February 2025.]
If the project requires planning permission, listed building or conservation area consent, this will be or is expected to be fully approved with all pre-commencement conditions discharged by December 2023.
If the project involves work on land or a building, the organisation owns the land or building OR has a lease that cannot be ended for five years and a letter from the owner or landlord that says you're allowed to do the work. We may consider applications if there is less than 5 years remaining on a lease, but applicants must be able to demonstrate there is a plan for either extension or guarantee from the landlord that the project will remain in place and the building will remain for community use beyond the end of the lease.

Scoring Criteria - Community Hubs

Criteria	Description	Scoring
Addressing community wants and needs	Is the project proposal clear about how the project will address the wants and needs of the local community?	1 = Poor 5 = Excellent
Tackles inequalities and increases inclusion	Is the project based in or covering an area of greater socio-economic disadvantage relative to other areas of Hart (using data mining findings)?	1 = Poor 5 = Excellent
Tackles inequalities and increases inclusion	Would the project increase the diversity of people accessing the space/activity (using data mining findings and/or local organisation's insight)?	1 = Poor 5 = Excellent
Tackles inequalities and increases inclusion	Would the project address the support needs or inclusion of those experiencing social (including rurality), health or economic disadvantage (using data mining findings and/or local organisation's insight)?	1 = Poor 5 = Excellent
Value for money	How will the impact of the proposed project compare favourably to its cost according to economy, effectiveness, and efficiency?	1 = Poor 5 = Excellent
Deliverability	Is the project timeline clear and realistic?	0 = No 1 = Yes
Deliverability	Does the project plan include detail on how each element of the project will be executed and who will be responsible for it?	0 = No 1 = Yes
Longevity	Will the project have a lasting community benefit beyond the timescale of the UKSPF?	1 = Poor 5 = Excellent
Longevity	If the project will need funding beyond the UKSPF funding window, please tell us how this will be achieved, including sources and certainty? (Projects that do not require funding beyond the UKSPF funding window will score 1)	0 = No 1 = Yes
Evaluation	Is the community benefit capable of being measured?	0 = No 1 = Yes

Scoring Criteria - Young Persons Employment & Skills

Criteria	Description	Scoring
Addressing community wants and needs	Is the project proposal clear about how the project will address the wants and needs of local young people?	1 = Poor 5 = Excellent
Tackles inequalities and increases inclusion	Would the project improve access to and inclusion in employment and skills interventions/opportunities for young people who experience additional barriers including social (including rurality), health or economic disadvantage (using data mining findings and/or local organisation's insight)?	1 = Poor 5 = Excellent
Value for money	How will the impact of the proposed project compare favourably to its cost according to economy, effectiveness, and efficiency?	1 = Poor 5 = Excellent
Deliverability	Is the project timeline clear and realistic?	0 = No 1 = Yes
Deliverability	Does the project plan include detail on how each element of the project will be executed and who will be responsible for it?	0 = No 1 = Yes
Longevity	Will the project have a lasting community benefit beyond the timescale of the UKSPF?	1 = Poor 5 = Excellent
Longevity	If the project will need funding beyond the UKSPF funding window, please tell us how this will be achieved, including sources and certainty? (Projects that do not require funding beyond the UKSPF funding window will score 1)	0 = No 1 = Yes
Evaluation	Is the community benefit capable of being measured?	0 = No 1 = Yes

Appendix 4: Details of Community Hub and Young Persons Engagement Applications

Community Hub applications

Application	Location	Application Summary	Reach of project – No. of residents	Amount Requested	Total Amount of project	Score	Pros	Cons
3rd Bramshill (Yateley Green) Scout Group - Scout Lodge Rear Extension	Yateley	<p>The application proposes to part fund an extension to the existing Scout Lodge, to provide:</p> <ul style="list-style-type: none"> • Additional storage • Two additional meeting rooms and • A larger kitchen <p>The lodge is used by multiple community groups and acts as a key community facility in Yateley. The extension will significantly increase the usability of the existing community hub.</p>	300	£50,000	£200,000	21	<ul style="list-style-type: none"> • Proven track record - very well used community hub • Demonstrated need to improve existing facilities (feedback from existing uses) • Opportunity to increase the use of the community hub with activities to benefit all residents 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Fund raising required to raise funds to match fund • As the application is only part funding an element of the project, by the end of the funding timeframe the project will not be complete and usable
Blackwater and Hawley Town Council - Hawley Leisure Centre - Improvements	Blackwater	<p>The application proposes to increase usability of Hawley Leisure Centre by:</p> <ul style="list-style-type: none"> • Enhancing storage facilities for the equipment necessary to run youth clubs, parent and toddler groups, sports or keep fit type groups, and other regular users of the Main Hall. • Upgrading the kitchen (including gas/electric meters) which can be utilised by new and existing users of the Main Hall. <p>Replace main hall lighting will dimmable LED ceiling lights</p>	425	£16,313	£16,313	28	<ul style="list-style-type: none"> • Proven track record - very well used community hub • Demonstrated need to improve existing facilities (feedback from existing uses) • Opportunity to increase the use of the community hub with activities to benefit all residents 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Location may mean those without transport might struggle to access the community hub
Christ Church Crookham - Cooking Together – Live well for less	Fleet and Church Crookham	<p>The application proposes to enhance an existing course that Christ Church in Gally Hill Road, Church Crookham currently runs, which aims to teach and empower people to cook and eat well for less. The course is aimed at families with limited budgets as well as people who use the foodbank.</p> <p>The free cooking course would be run at the weekends and days in the school holidays or timings to suit the families. Funds are needed to procure equipment and ingredients and pay for the hire of community spaces.</p>	144	£1,950	£1,950	23	<ul style="list-style-type: none"> • The course would be run in multiple locations in Fleet and Church Crookham • Low-cost course • Free to users 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • This proposal could be covered by other funds provided by the Council • Previous course had very low uptake • Shorter term initiative
Christ Church Crookham - Life Skills summer 2024 programme	Church Crookham	<p>The application proposes to expand an existing course that Christ Church in Gally Hill Road, Church Crookham provides on life skills. The course includes ways to use less energy, how to eat healthy on less, looking at how to budget and spend as well as well-being elements such as how to look after yourself and enhance relationships, which can be a casualty when financial restraint are being felt.</p>	80	£500	£500	22	<ul style="list-style-type: none"> • Low-cost course • Free to users 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • This proposal could be covered by other funds provided by the Council

		The course will be run as weekly groups in the summer school holidays based on a programme of material from the Christians Against Poverty charity.						<ul style="list-style-type: none"> • Previous course had very low uptake • Shorter term initiative
Church Crookham Parish Council - Access to Athletics	Church Crookham	The application proposes to improve access to the existing athletic track by improving surfacing and handrails on access paths to ensure DDA compliance. The facility is free to use, available all year round 24/7.	Unspecified	£14,771	£14,771	27	<ul style="list-style-type: none"> • Provides a safe space for local people to meet and improve fitness for free • Improves good access to fitness for those who are less able to use standard facilities 	<ul style="list-style-type: none"> • The existing athletic track only provides outdoor community facilities • Given the open access, it is very difficult to gauge how many people might access the facility
Church Crookham Parish Council - Creating a Caring Community in Crookham	Church Crookham	The application proposes to deliver a monthly program of events to encourage those that are socially isolated and/or lonely to come together to enjoy a variety of organised activities in a safe and friendly environment. All ages, genders and abilities would be welcome. The events are specifically aimed to encourage those with impaired mobility to exercise and have the opportunity to socialise with others.	50	£8,000	£8,000	21	<ul style="list-style-type: none"> • Increased fitness and socialisation opportunities for residents and in particular those with limited mobility 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Potentially duplicates services provided by other organisations
Citizens Advice - Enhancing Inclusive Community Hubs	District Wide	The application proposes to provide a variety of essential Citizens Advice services in existing community hubs located across the district. Trained advisers within hubs will provide a range of services including: <ul style="list-style-type: none"> • Outreach advice sessions • Conducting in-depth community needs analysis, such as research and reporting on client and community profiling and need • Publicising information and advice • Upskilling of volunteers and frontline staff in hubs 	160	£37,000	£37,000	34	<ul style="list-style-type: none"> • District wide – services would be provided in existing easy to reach community hubs to support the needs of all residents, especially those experiencing disadvantage • Comprehensive support provided • Free to users • Proven track record within the district 	<ul style="list-style-type: none"> • Expanding an existing service - No additional services • Possible delay of service starting due to training of new staff
Ewshot Village Hall - Access For All	Ewshot	The application proposes to increase accessibility at Ewshot Village Hall by: <ul style="list-style-type: none"> • Widening the path and creating one smooth slope that leads from the car park to the side entrance of the village hall and adding a ramp and handrail into the hall • Installing a wheelchair friendly ramp from the bottom of the slope to the side entrance. Installing a handrail on the steps that lead up from Tadpole Lane to the side entrance of the hall.	50	£5,874	£5,874	25	<ul style="list-style-type: none"> • Significantly improved access for existing and new users of the hall • Demonstrated need to improve existing facilities (feedback from existing uses) 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment – Potentially a smaller number of beneficiaries due to the size of the local population
Fleet Town Council - Ancells Farm	Fleet	The application proposes a new community garden in an area currently used as informal car parking area behind the community/retail provision on Ancells Farm, Fleet.	600	£23,100	£23,100	17	<ul style="list-style-type: none"> • Improve the amenity and biodiversity of the local area 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment

Park Community Garden		The garden will have a range of plants including vegetables, native trees and species that encourage biodiversity all year round. It will be accessible to all members of the community particularly for those living without access to outdoor space as well as the local pre-school.					<ul style="list-style-type: none"> • Free to users 	<ul style="list-style-type: none"> • The proposed area to be used for the garden is quite small in relation to the amount of money requested • Plans did not include benches or places to sit to assist residents
Hook Village Halls Charitable Association - Access for All at Hook Community Centre	Hook	The application proposes to install two platform lifts, one to service each upper floor room. Both rooms already have disabled toilets, but these cannot be accessed by some as there is no lift. The benefits will include dignified access for people with mobility issues. In addition, people with young children who use a buggy/pushchair will be able to access these rooms. At present buggies need to be carried upstairs or left downstairs.	1,755	£60,000	£120,000	25	<ul style="list-style-type: none"> • Significantly improved access for existing and new users of the hall • Demonstrated need to improve existing facilities (feedback from existing uses). • Proven track record - very well used community hub 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment
Odiham Parish Council - Transforming The Bridewell into a Thriving Community Hub	Odiham	<p>The application proposes to increase usability of the Bridewell by:</p> <ul style="list-style-type: none"> • Refurbishing the existing refreshment area in the community hub and to improve its accessibility • Creating and furnishing a meeting room and co-working/hot-desking facilities on the first floor which will include a bespoke refreshment station. • Providing low energy lighting for the whole building. • Installing a new automated door entry system to improve access during out of office hours and security for this multi-use facility. <p>These works will significantly enhance the current offering at The Bridewell Community Hub making it available to a wider number of organisations, individuals and businesses.</p>	150	£43,400	£48,400	18	<ul style="list-style-type: none"> • Proven track record - very well used community hub • Demonstrated need to improve existing facilities (feedback from existing uses). • Opportunity to increase the use of the existing community hub 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • A focus of the proposal is aimed at working people albeit there is a recognised benefit of work together and to be able connect face to face, in terms of reducing social isolation.
Rotherwick Parish Council (Rotherwick Play Field Trust CIO) - Rotherwick Children's Play Area Expansion and Enhancement Project	Rotherwick	<p>The application proposes to deliver an improved and extended children's play area, situated within the Rotherwick playing fields. The current play area has a limited provision of play equipment which is suitable for use by children under 5 years' old, as well as no specially designed play equipment for children with limited or assisted mobility requirements.</p> <p>The project proposes to deliver an extension to the existing play area with new play equipment being installed which is more suitable for use by toddlers and younger children, alongside the installation of a wheelchair inclusive roundabout. The project would also include installing new safety surfacing throughout the entirety of the existing and extended play area, and new fencing around the boundary of the extension to the play area.</p>	300	£43,935	£67,382	20	<ul style="list-style-type: none"> • Increased fitness and sociability opportunities for toddlers and younger children, particularly those with limited or assisted mobility requirements. 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • For the wider community, the location is difficult to reach without private transportation • The playground only provides outdoor community facilities - Limited scope for use in bad weather

St Barnabas Church, Darby Green - Frogmore and Darby Green Community Hub	Frogmore/ Darby Green/ Green/ Blackwater	<p>The application proposes to increase usability of the existing community hub by:</p> <ul style="list-style-type: none"> • Improving accessibility to the building • A kitchen extension and refit – to provide space for a wider range of community activities to take place such as warm hub in the winter, holding healthy food classes and providing food as a community café • Improving the entrance area and café space – to provide a more flexible community space. • Soundproofing the main hall area – to effectively double the amount of large hall space available for community group use during the week. <p>These improvements would benefit current users as well as be able to provide opportunities for further growth and new users/activities.</p>	300	£229,157	£229,157	33	<ul style="list-style-type: none"> • Opportunity to increase the use of the community hub and provide support to residents in one Hart's areas of deprivation • Proven track record - very well used community hub • Demonstrated need to improve existing facilities (feedback from existing uses) 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • High-cost application • Due to the extent of the build project, it might be resource intensive for HDC (project management)
St.Peter's Church - Fully Accessible W.C.	Yateley	<p>The application proposes to increase accessibility at St. Peter's Church by providing a fully accessible W.C. for use by all members of the community regardless of age and/or ability as well as additional purpose-built storage.</p> <p>The church is used by multiple community groups and acts as a key community facility in Yateley.</p>	3,000	£20,000	£54,957	26	<ul style="list-style-type: none"> • Proven track record - very well used community hub • Demonstrated need to improve existing facilities (feedback from existing uses) • Opportunity to increase the use of the community hub 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Use of the facility might be limited if not widely/clearly publicised or signposted
The Vine Church – Outside Space	Odiham	<p>The application proposes to increase the usability of outdoor space at the Vine Church for the benefit of all users by:</p> <ul style="list-style-type: none"> • Installing astro turf to the rear and fencing off an area from the car park with a small picket fence and gate for safety. • Painting walls and fences and adding a blackboard area. • Installing a pergola (with adjustable roof slats to provide light and also shade from the sun where necessary), 4 heaters, as well as lighting, which will allow the space to be used all year round. • Installing raisable blinds to allow movies and video to be projected onto them, in addition to providing shelter in winter. <p>Install a raised flower bed and 2 raised planters – this area would mainly be used by our adult groups and especially the Dementia Café who will be able to include tending plants to their activities.</p>	N/A	£35,000	£35,000	19	<ul style="list-style-type: none"> • Opportunity to increase the use of the existing community hub for existing and new users of the hall • Demonstrated need to improve existing facilities (feedback from existing uses) 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Limited numbers of organisations currently using the facility • Some of the items requested do not have strong climate change/mitigation credentials
Yateley Industries - Community Hub	Yateley	<p>The existing community hub at Yateley Industries aims to bring the local community together, by providing spaces (including a café) that can be accessed for a diverse range of activities – such as hobby groups, fitness workshops, employment and training, local support provision (e.g CAB)</p>	300	£155,050	£500,000	22	<ul style="list-style-type: none"> • Proven track record - very well used community hub • Strong membership numbers 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Not clear which elements of the

		<p>and personal events.</p> <p>The application proposes the following to enhance the existing facilities:</p> <ul style="list-style-type: none"> • Improved accessibility and security • Upgrading furniture • Modernisation of the space and technologies available to use (e.g heating, ventilation and Wifi access). <p>The application also proposes financial support for the café to help see it through the initial introductory stage, including:</p> <ul style="list-style-type: none"> • Salaries and training for staffing the kitchen and café • Food provision for 6 months • Marketing and advertising of the café to generate further local awareness. <p>Funding to work to facilitate phase three of the enhancement of Yateley Industries is also proposed.</p>					<ul style="list-style-type: none"> • Opportunity to increase the use of the existing community hub for existing and new users of the community hub • Provides inclusive support/provision 	<p>application were dependant on each other</p>
Yateley Men's Shed - Extension Project	Yateley	<p>Yateley Men's Shed (YMS) was set up in 2017 and membership is open to both men and women over the age of 18. The application proposes the purchase and installation of a container-style welfare block, which would provide a canteen, storage and toilet facilities, currently unavailable at the existing premises. The increased space will enable YMS to continue accepting new members and to increase the numbers attending each session.</p>	70	£11,000	£28,798	31	<ul style="list-style-type: none"> • Targets hard-to-reach residents • Provides support/ services that benefits the wider community • Proven track record • Strong membership numbers • Opportunity to increase the use of the existing community hub for existing and new users of the community hub 	<ul style="list-style-type: none"> • Some might perceive YMS to be male only • Not free to use (annual membership)
Yateley School - Wellbeing and Community Hub	Yateley	<p>The application proposes the renovation of an existing building at Yateley school to include new toilets, new flooring, cavity wall insulation, new heating and outdoor area with seats. The building will provide a new community hub, providing support for pupils, their families and the wider community. Services would be wide ranging including educational and recreational activities, employability skills for older people as well as mental health and wellbeing support of the local community. During school hours the hub would be used to support Yateley School's more vulnerable students.</p>	1,300	£190,000	£190,000	32	<ul style="list-style-type: none"> • Proven track record providing after-school support services • Potential to provide a wide range of support/community activities • Extensive reach into the community 	<ul style="list-style-type: none"> • High-cost application • Due to the extent of the build project, it might be resource intensive for HDC (project management)
Yateley Town Council - The Tythings Community Hub	Yateley	<p>The application proposes to turn redundant, disused space in the existing Tythings Community Hub into a community cafe that would be available to both community groups and the wider community as a cafe and meeting space. The cafe space would enhance the offer of the existing</p>	1,344	£121,936	£121,936	17	<ul style="list-style-type: none"> • Opportunity to increase the use of the existing community hub for existing and new 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Limited opening hours that may miss some

		community building.					users of the community hub <ul style="list-style-type: none"> • Provision of additional warm space for wider members of the community 	target audiences (young people) <ul style="list-style-type: none"> • Not a free service • Other facilities available very close by
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Young Persons Engagement applications

Application	Location	Project Summary	Reach of project - Residents	Amount Requested	Total amount	Score	Pros	Cons
Fleet Phoenix - Open Door Extra	District Wide	<p>The application proposes to expand the existing Open Door Project provided by Fleet Phoenix, which is a free advice, information, guidance and mentoring project for young people aged 16-19 (25 with SEMH needs) years old. The project works with young people with complex and often chaotic lives. The service offers a holistic support package responding to the young peoples identified and sometimes yet to be discovered needs.</p> <p>The Open-Door team support the young people and their families to navigate and coordinate their way through some complicated and complex issues and life situations and then support young people in moving forward with their lives in growth and development. Extending the service would allow small group work with an increasing amount of young people with anxiety to offer new skills, coping strategies and understanding in a safe and supportive environment. The project would be run by trained and qualified Councillors and youth works combining their skills, knowledge, and experience to ensure young people gain knowledge, understanding, skills and confidence to move forward with their lives.</p>	20	£8,580	£8,580	21	<ul style="list-style-type: none"> • Current provision running very successfully in Fleet • There is a known need for the service • Early intervention to help young people before they reach crisis point with the need for multi-agency support 	<ul style="list-style-type: none"> • Located in Fleet so might not be accessible to all in the district • The funds may not meet the full need within the community
Fortify-Services CIC - Building Blocks	District Wide	<p>The application proposes a new pilot scheme – a course in the introduction to household renovation and maintenance skills for teenagers living within the Hart district. The course will be delivered by skilled individuals with experience in the construction industry. The ‘hands on’ approach would enable young people to gain experience of different trades as well as to use the skills gained to maintain and develop their own homes and gain a sense of respect and pride for their environment.</p> <p>Fortify-Services CIC is currently working with teenagers in the Hart and Rushmoor area delivering a four-week plumbing experience for teenagers that find difficulty in engaging with the traditional school curriculum.</p>	60	£15,500	£15,500	19	<ul style="list-style-type: none"> • Innovative concept • Established relationship with local schools • Possible career route for those interested in the construction/trade industry 	<ul style="list-style-type: none"> • Format largely untested • Site to run the project not yet secured
Forward 4 Wiz Trust - Pay It 4ward	District Wide	<p>The application proposes to extend an existing service currently running in Rushmoor, into Hart. Forward 4 Wiz would run vocational, skills-focused workshops and mentoring opportunities to enable music as a viable career path. The scheme focuses on young adults (18-25yrs or 30 with disability) already with a level of musical or technical ability, and from disadvantaged or underrepresented backgrounds that could be perceived</p>	10	£9,641	£19,281	15	<ul style="list-style-type: none"> • Innovative concept • Possible career route for those interested in the music industry 	<ul style="list-style-type: none"> • Reach or need for this service is largely unexplored in Hart • Location of some of the venues are some distance from Hart (not easily accessible by public transport)

		as a barrier to accessing the arts. The aim is to bridge the gap to obtaining a specialist skill set for the individual, with modules and sessions focusing on studio and live sound, creative and industry centred skills, general business skills and community philanthropy.						
Inclusion Hampshire - Inclusion EB8	District Wide	<p>The application proposes a new service aimed at entry to work support for young people aged 18 and over with mental health needs and/or special educational needs and disabilities (SEND). Young people who are experiencing mental health difficulties and not accessing education, training or employment will be matched with a Mental Health Support worker to work with them in their home and begin an individualised supported transition process to engage them in a brand new employment support hub located in Basingstoke, 'Inclusion EB8'. The hub is opening early 2024 to support Inclusion Education students who are progressing from their SEND College into employment. This will enable young people living in Hart District to have access to the new College.</p> <p>Focusing on entry to employment via a therapeutic approach and appropriate mental health support, Inclusion EB8 will deliver qualifications in Business Administration, courses in Personal Development alongside quality work experience opportunities. The Hart specific project would be a bespoke 8 month programme for individuals with the outcome being full transition into Inclusion EB8, all skills and experiences captured on a CV and new confidence and skills being gained to access employment or further training opportunities.</p>	12	£63,643	£63,643	21	<ul style="list-style-type: none"> • Proven track record within the district • District wide reach • Comprehensive support for those with complex needs • Free to users • Enables those who cannot access local schools to be supported 	<ul style="list-style-type: none"> • High-cost applications • New and untested service
Hook Parish Council - Pilot youth work project in Hook – to re-start youth provision	Hook	<p>The application proposes the re-instatement of provision for youth in Hook.</p> <p>The first phase is to start open door sessions. Planned to start in April 2024, these are free to access, confidential one-to-one support sessions for young people, who need advice, support, information, guidance, mentoring or just a listening ear. These sessions are offered following referral from any appropriate source including self-referral, schools, parents, GP, Early Help hub and CAMHS and are targeted at those with complex needs. Support offered ranges from advice about sexual or mental health, support and help in looking for a job, writing a CV or accessing training to develop new skills, help with debt issues or support with problems at home or in school. The sessions would be run by fully qualified youth workers, as an extension/outreach from the service</p>	200	£20,840	£35,206	23	<ul style="list-style-type: none"> • Proven track record within the district - Has support from an experienced, effective and respected organisation • Demonstrated need to for provision • Comprehensive support • Phased project stages starting with most intense support for those with mental health/complex support needs 	<ul style="list-style-type: none"> • There may be challenges around meeting all need with a large secondary and junior school close-by. • Support organisation may be stretched

		<p>Fleet Phoenix currently provide at their base in Fleet.</p> <p>The second phase involves a 6-week summer holiday scheme, planned for July/ August 2024 and aimed at junior school children and will be able to participate in a variety of pre-planned activities all with the intention of developing their personal and social skills.</p> <p>The third phase would see a senior school aged club run once a week, as a more traditional “youth club”. This would offer an opportunity for a safe space for young people to socialise, outside of school, as well as providing age-appropriate activities/workshops etc. to develop essential life skills. It is planned to commence in September 2024.</p>						
MOD - Knowing me knowing you	Church Crookham	The application proposes a new initiative, which aims to broaden gaps in knowledge for young people aged 12 to 25 years to build healthy life skills. The projects will develop skills that build confidence, increase interpersonal skills in order to access pathways leading to improved social skills to seek employment, training and volunteering. The course will run term time and out of school programmes. In addition, the application would also train up additional volunteers (including young people as young leaders or peer educators) to support this work and enhance the delivery across the area.	60	£8,700	£10,000	22	<ul style="list-style-type: none"> • Builds resilience in young people which will enhance life chances • Inclusive support to help to prevent social disengagement • Potential to reduce number of young people classed as NEET (not in education, employment or training) 	<ul style="list-style-type: none"> • Difficulties around recruitment and retention of volunteers to deliver elements of the programme. • New and untested service
Money Coaching - Christ Church	Fleet and Church Crookham	The application proposes to provide a new money coaching course run by volunteers trained to deliver the programme. The course is designed by Christians Against Poverty and will cover how build a budget, balance the budget, spend well (taste tests etc), use energy wisely, navigating debt, using credit wise and saving well for the future. Funding will cover materials, room hire and equipment and materials to deliver the training.	20	£600	£600	16	<ul style="list-style-type: none"> • Good value course • Free to users • Help reduce inequalities through helping people use their resources to keep warm, safe and well fed. 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • This application could be covered by other funds provided by the Council • Previous course had very low uptake • Shorter term initiative
Robert Mays School - Hair and Beauty Training Centre	Odiham, Hook and surrounding areas	Renovation of an existing building to provide Hair and Beauty as a curriculum subject in the school. The Hair and Beauty course will support students who, for a variety of reasons, are struggling to engage with the academic curriculum. The students will continue to follow the mainstream curriculum (e.g. English and Maths) but will also follow a separate qualification in Hair and Beauty which will lead to a Level 1 or Level 2 qualification. This will allow these students to continue, at a post-16 setting, onto a Level 2 or Level 3 course. As part of a 1-3 year plan, there is the opportunity to offer to other local secondary schools within the Hart	50	£36,560	£36,560	20	<ul style="list-style-type: none"> • Proven track record providing after-school/extra curriculum support services • Extensive reach into the community • Vocational opportunities for those unable to access GCSE 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment

		area. As part of a 3-5 year plan, there is the opportunity to consider opening up the facility to the community in the evening.					<ul style="list-style-type: none"> • Possible career route for those interested in hair and beauty 	
Vision for Youth - Blackwater Youth Club (@ St Barnabas Church)	Darby Green /Blackwater	The application proposes provision for youth in Darby Green – An open access youth club once a week (term time) in Darby Green. This provides young people a safe, warm space to meet friends, eat and play games, where they can be supported by youth workers. The youth club also provides older young people a volunteering opportunity by becoming a Young Leader. These young people (16-18 years old) help set up and run the sessions, which is great experience for them and can be put down on their CV.	41	£4,915	£4,915	23	<ul style="list-style-type: none"> • Proven track record within the district • Demonstrated need for provision (service user feedback) • Supports the more difficult to reach communities of young people • Opportunity to provide support to residents in one Hart's areas of deprivation 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • There may be challenges recruiting and retaining the volunteers.
Yateley Industries - Job Coach Service	Yateley	Yateley Industries provide an existing job coaching service for disabled people in their supported on-site factory and also with disabled people in mainstream roles out in the community. The application proposes to fill an existing gap in provision by providing a Job Coach Service to support young disabled people to find employment. The Job Coach Service for Disabled and Neurodiverse Young People would offer coaching, mentoring, advice and liaison services, along with equitable adjustments, to create a supportive framework. The service is a blend of assisting those seeking employment and those already employed, with a focus on making the service self-funding within the first year.	9	£18,957	£18,957	21	<ul style="list-style-type: none"> • Comprehensive support for those with complex needs • Free to users • Proven track record within the district • Known/identified need in the community • Self-funding after 5 successful placements 	<ul style="list-style-type: none"> • The proposal may only have a local reach/catchment • Although running internally at present, the outreach element is untested
Yateley School - Wellbeing and Community Hub	Yateley	The application proposes a range of programmes to help support young people develop life and employability skills for the future focusing on emotional support, vocational qualifications and life skills through the Princes Trust and DofE. The range of extra-curriculum programmes would include: <ul style="list-style-type: none"> • ASDAN Personal Development Programme (or similar) to enrich life skills • Dog therapy facilitated by trained staff • Ongoing gardening projects aimed at creating a wellbeing garden • Music Tech/drama sessions • DofE bronze award for our most vulnerable students in years 9-11 • Phonics/maths interventions • Cooking classes 	1,300	£100,000	£100,000	22	<ul style="list-style-type: none"> • Proven track record providing after-school support services • Potential to provide a wide range of support • Extensive reach into the community • Potential to reduce pupils becoming NEET (not in education, employment or training), • Opportunity to provide support to residents in one Hart's areas of deprivation 	<ul style="list-style-type: none"> • High-cost application • Due to the extent of the project, it might be resource intensive for HDC (project management)

		<ul style="list-style-type: none">• Counselling/mental health and wellbeing sessions facilitated by an existing counsellor• Beauty sessions led by LSAs with relevant skills, and• Exploration of sports therapy. <p>Starting in September 2024, a dedicated learning space for school refusers or students with medical needs that prevent full-time school attendance is also proposed.</p>							
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CABINET

KEY DECISIONS / WORK PROGRAMME AND EXECUTIVE DECISIONS MADE

February 2024 – WORKING DRAFT V1

Cabinet publishes its Key Decisions and forward work programme to inform the public of issues on which it intends to make policy or decisions. The Overview and Scrutiny Committee also notes the Programme, which is subject to regular revision.

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
UKSPF funding bids	To consider and approve the bids received for the UKSPF community hub and youth funding, as per Hart's approved investment plan, taking account of O&S Comments.	1 Feb	No	Leader and Portfolio Holder - Strategic Direction and Partnerships	CS	Open
Draft Budget 2024/25	To consider and recommend to Council, the revenue and capital budget for 2024/25 including revised Medium Term Financial Strategy and any proposed changes to council tax discretions.	1 Feb	Yes	Portfolio Holder - Finance	FIN	Open
Q3 Budget monitoring report and forecast outturn for 2023/24	Report to Cabinet the latest projections of expenditure and income, including capital, for 2023/24 for review and approval of any action necessary.	1 Feb	No	Portfolio Holder - Finance	FIN	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Treasury Management Policy and Capital Strategy annual statutory review	To consider and recommend to Council the revised Treasury Management Policy including Investment Strategy, prudential indicators and Capital Strategy, having regard to O&S comments	1 Feb	No	Portfolio Holder - Finance	FIN	Open
Butterwood Homes Review	Review of Butterwood Homes (to refresh Company structure, business case, and Articles)	7 Mar	No	Portfolio Holder - Climate Change and Corporate Services	CS	Open
Planning Local Enforcement Plan	To consider and adopt an updated Planning Local Enforcement Plan. The current Planning Local Enforcement Plan was adopted in January 2016, and this review is to ensure it reflects current best practice and to bring it up to date.	7 Mar	No	Portfolio Holder - Planning Policy and Place	PL	Open
Adoption of Local Cycling and Walking Infrastructure Plan (LCWIP)	Following the end of the consultation period, to consider adopting the updated LCWIP.	7 Mar	No	Portfolio Holder - Planning Policy and Place	PL	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Cron dall Conservation Area Appraisal	Cabinet to consider adopting the updated Cron dall Conservation Area Appraisal	7 Mar	No	Portfolio Holder - Planning Policy and Place	PL	Open
Crookham Village Conservation Area Appraisal	Cabinet to consider adopting the updated Crookham Village Conservation Area Appraisal	7 Mar	No	Portfolio Holder - Planning Policy and Place	PL	Open
Draft Service Plans 2024/25	Cabinet to review and approve draft service plans for 2024/25 having regard to O&S comments and the approved budget.	4 Apr	No	Chief Executive	ALL	Open
Ongoing Items throughout the year						
Climate Change updated and request for funding allocations for projects to deliver Action Plan	To update Cabinet on progress against Hart's Climate Change Action Plan	January/July each year	No	Portfolio Holder - Climate Change and Corporate Services	CS	

Executive Decisions		
5 January 2024	Establishment of a time limited winter pressures grant funding round.	Portfolio Holder – Communities/ Executive Director – Communities
5 January 2024	Parking Order.	Portfolio Holder – Development Management and Community Safety/ Chief Executive

Note 1

A “key decision” means an executive decision which, is likely to –

- a) result in Council incurring expenditure or the making of savings which amount to £30,000 or 25% (whichever is the larger) of the budget for the service or function to which the decision relates; or
- b) be significant in terms of its effects on communities living or working in an area comprising two or more wards within the area of the district of Hart.

Note 2

Cabinet Members

D Neighbour	Leader and Strategic Partnerships
J Radley	Deputy Leader and Finance
A Oliver	Development Management and Community Safety
T Clarke	Digital and Communications
T Collins	Regulatory
R Quarterman	Climate Change and Corporate
S Bailey	Community
G Cockarill	Planning Policy and Place

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
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Note 3

Service:

CX	Chief Executive	CS	Corporate Services	PL	Place Services
CSF	Community Safety	PP	Planning Policy		
FI	Finance	COM	Community Services		
SLS	Shared Legal Services	MO	Monitoring Officer		

Note 4

*This item may contain Exempt Information – Regulation 5 of the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

